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# FINANCIAL TIMES

No. 26,218

Wednesday November 21 1973 \*\* 6p

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## NEWS SUMMARY

**RAIL**  
Museum Equities  
bate slip to  
majority of 394.1

Government's majority of 394.1 at the end of the year. The FT 30-Share Index dipped 2.2 to a new low for the year of 394.1. Although falls outnumbered rises by seven to one in industry, the index was up 1.1 per cent.

Mrs. Margaret Thatcher, Secretary of Education, told the House of Commons that the Government's majority of 394.1 at the end of the year. The FT 30-Share Index dipped 2.2 to a new low for the year of 394.1. Although falls outnumbered rises by seven to one in industry, the index was up 1.1 per cent.

**ILSON FILES**  
Stored—QC

Mr. Pottinger, the 56-year-old barrister, told the House of Commons that the Government's majority of 394.1 at the end of the year. The FT 30-Share Index dipped 2.2 to a new low for the year of 394.1. Although falls outnumbered rises by seven to one in industry, the index was up 1.1 per cent.

**LAND BAN**  
Trawler

Mr. John Taylor, a leading member of the Unifarm group, told the House of Commons that the Government's majority of 394.1 at the end of the year. The FT 30-Share Index dipped 2.2 to a new low for the year of 394.1. Although falls outnumbered rises by seven to one in industry, the index was up 1.1 per cent.

**EDMUND FOR**  
Other vetoed

Mr. Edmund For, a leading member of the Unifarm group, told the House of Commons that the Government's majority of 394.1 at the end of the year. The FT 30-Share Index dipped 2.2 to a new low for the year of 394.1. Although falls outnumbered rises by seven to one in industry, the index was up 1.1 per cent.

**MAN LOST**  
Yacht race

Mr. John Taylor, a leading member of the Unifarm group, told the House of Commons that the Government's majority of 394.1 at the end of the year. The FT 30-Share Index dipped 2.2 to a new low for the year of 394.1. Although falls outnumbered rises by seven to one in industry, the index was up 1.1 per cent.

**MARKET SILENCE**

Common Market Commission to order all cars to be fitted with a new kind of engine from October next. The Government has announced that it will be working out the details.

**ASUL DIES**

Walter Wilson, the British Ambassador in Saigon, died of a heart attack. He was 65.

**AR DE DEVON**

Four de France cycle race. The Government has announced that it will be working out the details.

**AFETY**

Rules Committee voted to approve the motion of Mr. Gerald Ford to President. Page 5.

Mr. Heath will visit China from July 4-12. Page 28.

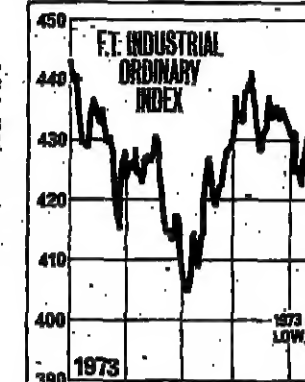
Mr. Kennedy, walked with 10 of parallel bars after the nation of his right leg.

**EF PRICE CHANGES**  
in price unless otherwise indicated.

Inv. & Prop.	140 + 7
Car Auction	95 + 8
Ever Ready	122 + 8
Brace	735 + 20
(L)	48 + 12
Chemical	85 + 12
Wheat	175 + 15
Wheat	105 + 4
Wheat	885 + 10

**BUSINESS**  
Equities  
slip to  
1973 low  
of 394.1

**EQUITIES**, dominated by the growing oil crisis and Wall Street's overnight slide, turned in another poor display. The FT 30-Share Index dipped 2.2 to a new low for the year of 394.1. Although falls outnumbered rises by seven to one in industry, the index was up 1.1 per cent.



According to an independent survey of 100 companies, accounting for about a quarter of employment in the manufacturing industry, nearly two-thirds of these companies (weighted by employment) were expecting the oil situation to lead to reductions of between 1 per cent and 5 per cent in their output.

**GILTS** opened easier, steadied during mid-morning as buyers returned, then drifted through the afternoon as business became very quiet. The market closed with general losses of 1/2 throughout the list.

**GOLD** was 25c dearer at \$80.50 an ounce.

**STERLING** weighted depreciation from Smithsonian parties improved 30 points to 17.25 per cent. The rate against the dollar was \$2.4915 (\$2.4905).

**AN ALTERNATIVE** non-profit making plan for the 37-acre Hay's Wharf area of Southwark was announced by Claudius Properties.

**PRICE COMMISSION** announced that a further £1.5m. in price cuts have been made by companies in the distribution industry (mainly timber groups) as a result of Phase Two profit margin controls. Page 28.

**MR. ROBERT MAXWELL** achieved his goal of a boardroom role at Pergamon Press.

**MR. ROBERT MAXWELL** achieved his goal of a boardroom role at Pergamon Press. The Department of Trade and Industry published a third, highly critical report of his relationship with the company. Back Page.

**ELECTRICITY** remains threatened by power engineers' actions after negotiations failed to produce a settlement of their dispute. Back Page.

**THE THREE** big transatlantic airlines—British Airways, Pan American and TWA—have agreed to cut one daily return flight to save fuel. Back Page.

**ZINC** produced by Nechanga Mines of Zambia will cost \$50 a tonne more at \$300. Meanwhile, tin prices hit new peaks in London yesterday with cash tin rising by \$52.50 to £2,357.5 a tonne. Page 35.

**PRICE OF Shipping** Industrial Holdings shares yesterday rose above the Vissio-Capitalin offer price of 525p for the first time since just after the bid was announced on November 6. Page 32.

**A CLAIM** for basic rate increases of 25 per cent, far in excess of Government limits, was lodged for 170,000 clerical workers in London clearing banks. Page 38.

**MAJOR CHANGES** in Government policy to stimulate construction in the public works sector are likely to be announced soon. Back Page.

**SWAN HUNTER GROUP** pre-tax profits for the first half rose from £1.86m. to £3.06m. The figure included grants for shipbuilding. Page 31 and Lex.

Court Line	80 - 7
Davis (Godfrey)	70 - 5
Ever Ready	122 + 8
Furness Withy	122 + 13
Higgs & Shang Bk	322 - 11
Heath (C. E.)	245 - 17
Low & Brydone	122 - 7
Ocean Transport	122 - 7
Pilkington Bros.	320 - 18
Swan Hunter	162 - 8
Ward & Goldstone	122 - 7
Wheat	175 + 15
Wolfrum & Dudley	158 - 7
Wood Hall Trust	120 - 8
Shell Transport	230 - 7
Warren	105 - 7
Broken Hill South	104 - 11
Cons. Murchison	410 - 25
De Beers Ltd.	292 - 12
F. S. Geduld	845 - 19
Messager	345 - 10
Pet. Platforms	150 - 10
Sigbee Inds.	20 - 14

## Reactions to the 10% reduction in oil supplies

# Fears of 1%-5% cuts in industrial output

BY HAROLD BOLTER AND WILLIAM KEEGAN

THE 10 PER CENT cut in oil supplies is likely to have a more serious effect on industrial output than Government sources concede, according to an independent study conducted by a leading economic research institute.

It has also become apparent that the ostensibly sanguine view taken by Whitehall about the effects of the cuts on the Government's growth strategy depends on assumptions which many would regard as optimistic. As presented by Mr. Peter Walker, Secretary for Trade and Industry, on Monday, the 10 per cent reduction in oil supplies can be absorbed by industry without serious disruption to economic growth.

According, however, to an independent survey of 100 companies, accounting for about a quarter of employment in the manufacturing industry, nearly two-thirds of these companies (weighted by employment) were expecting the oil situation to lead to reductions of between 1 per cent and 5 per cent in their output.

On average, the expected drop in production worked out at about 3 1/2 per cent, even if the demand for the companies' products were to be unaffected by the oil situation and other sources of energy remained undisrupted.

It is emphasised that the Times yesterday, the official

Whitehall view is that a 10 per cent reduction in oil supplies will have only a marginal effect on industrial output, although the prospect would be much more serious if the cutback rose much above this level.

This view is based, however, on the assumption that there will be no problems with regard to the availability of other fuels (although the power engineers are still bemoaning stand-by duties), and that the miners will work all the overtime that is necessary to meet the extra demand arising from the oil shortage. (At the moment the miners are operating an overtime ban).

It is acknowledged in Whitehall that the allocation system as announced is relatively basic. There are more sophisticated contingency plans available if the cuts become more serious, which take into account the contribution of different sectors to overall economic growth.

Some of Britain's major companies last night confirmed the impression given by the independent study that it would be difficult for them to maintain production at present levels, let alone expand it in line with 3 1/2 per cent economic growth.

Further oil news, Pages 3 and 5  
Headline for confrontation with the Arabs, Page 20  
Editorial Comment, Page 20

# Faulkner scrapes through in party vote on power-sharing

BY DAVID

MR. FAULKNER, the power-sharing, and claimed today's result as a moral victory. Certainly the margin is substantially narrower than a month ago when the much smaller standing committee voted for Mr. Faulkner with what seemed then to be a slender 27 majority—132 to 105.

The result is likely to be that whatever tentative agreement can be reached on the package of proposals put forward by the British Government on Monday, the Unionists will have to stick very closely to the four conditions laid down for participating in an Executive.

**Demands**  
These include demands that the SDLP should repudiate the rent and rates strike still being operated in parts of the Province and signify its support for the security forces.

The party also wants an overall majority on the Executive and assurances that the Council of Ireland will not be able to undermine the constitutional position of the North. The Unionists want decisions taken within the Executive to be binding on all its members so that SDLP representatives on the Council of Ireland would not be able to combine with Dublin Government representatives to outvote the Unionists.

Mr. Faulkner had already announced he would resign as leader of the party if defeated, but would carry on both as leader of his group in the Assembly and with the negotiations.

An executive formed under these circumstances would almost certainly have been extremely brittle, however.

"With the support of the council behind him, even by a

very narrow majority, Mr. Faulkner may now be saved defections from his ranks.

Mr. Faulkner said he was cautiously optimistic about the formation of an Executive though he was reluctant to say how soon this might be. He said he and his supporters would now be carrying on a campaign up and down the country to persuade the electorate of the advantages of working the Constitution Act and securing the return of devolved power to the Province.

He predicted that a vote within the council on the power-sharing issue in a few months' time—presumably after an Executive has started functioning—would result in a large majority in favour.

It is thought the order may be decided to serve its link with the party as a result of the vote.

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# Petrol stations ration drivers

Many garages began rationing customers and independent retailers fear they may be forced out of business in increasing numbers.

Bill giving the Government powers to introduce petrol rationing received an unopposed First Reading in the Commons yesterday. The Bill could be law within two or three weeks.

Shortage of marine fuel oil has become a threat to world shipping movements.

The Japanese Government will issue later this week a new statement on Middle East policy expected to be more sympathetic to the Arab cause.

EEC Foreign Ministers meeting in Copenhagen discussed the Middle East and oil. Officials said that there was no change from the EEC's position as set out in the declaration of November 8.

OPEC representatives will meet again in Vienna on December 17 to work out a new basis for posted prices. Further price increases by individual countries may be made before then.

Sheik Yamani, Saudi Arabian Minister of Oil, arrived in Denmark last night on the first stage of a tour of consuming countries, including France and the U.K.

Iran reaffirmed its intention to continue to sell as much oil as it can produce but prices would be increased to meet the higher cost of imported capital goods.

# Talks on priorities

BY RAY DAFER

THE OIL industry held urgent talks with the Government yesterday on how it is to operate the exemption system in the current oil cuts situation.

Oil companies have now introduced their first cuts of 10 per cent on last year's supplies in an atmosphere of considerable confusion.

While the Government has produced a list of priority industries which can seek exemptions, it is not expected to give definitive guidelines on the application procedures for several days.

Meanwhile, British Steel Corporation has taken immediate steps to obtain more fuel oil. As one of the priority industries it has started making representations to its major oil company suppliers in a bid to obtain its full requirements.

Other industries on the Government's priority list, including the aluminium and petrochemical companies and the manufacturers of metal castings and forgings indicated yesterday that they would follow suit.

BSC, which uses over 3.5m. tonnes of oil a year, warned that the current steel shortage in the U.K. would become worse if full oil supplies were not maintained. The corporation, with an output of some 25m. tonnes of steel a year, said it could turn to alternative means of power—gas heating, for example—but the conversion time and, in some cases, a slower production cycle, would also result in a reduction of steel output.

This highlights a state of confusion within industry generally to be the correct procedure. BSC has applied for exemptions through the regional offices of its major suppliers. This was done because it was assumed that the oil companies would then consider applications with regional offices of the Department of Trade and Industry.

This procedure, which was put to the Confederation of British Industries and repeated on Monday by Mr. Peter Walker, Secretary for Trade and Industry, creates a particular anomaly in BSC's case, however. The corporation buys its stocks of oil centrally; it could now find that the various DTI regional offices allocate supplies on a differing basis.

Details of the exact procedures to be followed by priority customers are still being formulated within the DTI and are unlikely to be made known until guidelines are published, probably at the end of this week.

The department did confirm, however, that naphtha, an essential oil-derived feedstock for the chemical industry, has been included in the cutbacks. This followed reports from BP Chemicals that it had been in

Continued on back page



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# Wall St. lowest since 1971

BY JAY PALMER

THE NEW YORK Stock Exchange continued its dizzy plunge downwards today with the Dow Jones Industrial index closing 17.76 points off at \$44.90. This brings the fall over the past three weeks to more than 142 points and drops the market to its lowest level since late 1971.

About half an hour before the close of the market the industrial index had been off 23 1/2 points at just over \$40, but a last-minute rally recovered some lost ground. Trading was fairly heavy with nearly 24m. transactions marked, against 16.7m. on Monday. More than 1,400 stocks suffered price falls, compared with 161 rises, and about 410 established new 1973 lows against only one new high.

Although no new bad news was received on the oil front today, the market's attitude continues to be dominated and demoralised by the threat of the energy crisis. The news last night that President Nixon's Emergency Action Group had proposed a ban on the Sunday sale of petrol served to emphasise the threat.

The sudden emergence of the fuel crisis in the U.S. has resulted in a flurry of opinions as to the future of the U.S. economy from both Government officials and professional economists. The wide disparities in their views on the progress of the economy through 1974 has created a great deal of uncertainty on Wall Street. Where two months ago economists' predictions of future corporate profits ranged from a decrease of the same order, today these forecasts range from a drop of 10 per cent to as much as 25 per cent.

As in previous market slides over the last few weeks, the hardest hit companies were in the motor and petrochemical fields. General Motors was high on the list of actively traded stocks with a fall of \$3 to \$52. Texaco lost \$18 to \$28 1/2, while Dow Chemical fell \$2 1/2 to \$53. British Petroleum, which has consistently been one of the most active stocks in recent weeks, closed unchanged at \$15 after being off \$ 1/2 earlier in the day.

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NEW YORK, Nov. 20.

Spot 1 month 3 months 12 months

ANNUAL STATEMENTS  
Beecham Construction  
Beecham's Stores  
British Assets Trust  
Liner & Co.  
Bentley & Co.  
Spiral Ltd.  
Smith's Industries  
Sunderland Rubber  
Tricounty Ltd.  
Wood Hall Trust

INTERIM STATEMENTS  
Bromley Holdings Ltd.  
Laidlaw & Co. Ltd.  
Parker & Co. Ltd.  
Robertson & Co. Ltd.  
S. & W. Ltd.  
Sunderland Rubber  
Sunderland Rubber

PROSPECTUSES  
S. & W. Ltd.  
Sunderland Rubber  
Sunderland Rubber



**TV/Radio**

Taking into account that pro-

not corrected in the 1974 budget, it will doubtless be brought

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# Racing

100

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10

\* Indicates programme in  
black and white.

**BBC 1**

9.15 a.m. For Schools, Colleges.  
12.20 p.m. Nai Zindagi Naya  
Dewan. 12.55 News. 1.00 Pebble  
Mill at One. 1.45 Rastriye. 2.02  
For Schools, Colleges. 2.48 Family  
Fare. 2.55 A Funny Thing . . . :  
Ted Ruy with more memories and  
anecdotes. 3.00 Television and  
Radio. 3.40 Westminster. 4.00  
Play School. 4.45 Slip and Slap.  
4.53 Jackanory. 4.50 Josie and the  
Pussycats. 5.10 Search. 5.40 The  
Wombles.  
5.45 News.

**DOWN**

- 1 Outward appearance to notice in features (6)
- 2 Flying island visited by Swift traveller (8)
- 3 Part of cooker on point of smelting (6)
- 4 First person having words before signing letter (5, 5)

E Y I M I  
 ENOUR TYNESIDE  
 A H A E  
 R A P A M T B A C K S  
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 Y N E B I R T E N D E R S  
 S S A S P D E  
 R K E N T O M I N I M A L  
 R N O L E Z  
 O N I N G J E T S A M

8.00 Sunday Cars.  
9.50 Wessex Tales.  
By Way of Change: Global  
Village Trucking Co., a pop  
group, their girl friends,  
agents, promoters and  
managers.  
0.13 Wheelbase: RAC Inter-  
national Rally.  
0.50 News Extra.  
1.20 Film Night.

**CHANNEL**

8.55 p.m. Channel Lunchtime News. 9.00 Report  
The Galopins Gourmet. 9.50 Report  
Six. 7.00 Treasure Hunt. 8.30 This Is  
Life. 10.35 Whicker Way Out West.  
The Protectors. 11.35 The Art of  
Fift. 12.00 Episodes, followed by News  
Weather in French.

**GRAMPIAN**

**WESTWARD**  
 2 p.m. Gas Honeybun's Birthdays.  
 Westward News R-adlines. 2.30 The  
 Spring Gourmets. 6.00 Westward Diary.  
 Treasure Hunt. 6.30 This is Your  
 10.32 Westward Late News. 10.35  
 Ker Way Out West. 11.05 The  
 Actors. 11.35 The Art of the Craft.  
 Faith for Life.

**YORKSHIRE**  
 2 p.m. Calendar. 2.30 Men of Affairs.

# Events

## To-day

**PARLIAMENTARY BUSINESS—**  
Use of Commons: Statutory Corporations (Financial Provisions Bill), second time and Steel Act, 1959 (Consideration of Provisions, Order).  
Use of Lords: Lord Balogh—debate.

**BRADY GROUP, Manchester, 12.** (Chairman, Mr. A. E. R. Seymour.)  
**DAWNAY DAY, Hibernian Hall, E.C. 12.** (Chairman, Mr. D. Pimble.)  
**GUINNESS DAY, Winchester House, E.C. 4.** (Chairman, Mr. H. Kynard.)

hour later, the K  
chase (1.45) is  
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**PORT LINKS BETWEEN BRITAIN**  
AND THE CONTINENT, second and  
third sessions, 1954-55, at the  
Financial Times at the Royal Lan-  
tern Hotel, W.2, from 9.45 A.M. to  
1.15 P.M. Lord Shackleton, director  
of the General Chamber of Commerce  
and LTL Development Enterprises,  
the speakers are: Prof. M. J. Wise,  
Chairman of the Council of the  
Economic and Political Sci-  
ences; Keith Wickenden, chairman, Euro-  
pean Chamber of Commerce and In-  
ternational Merchant, Railways Board;  
A. L. L. Baker, Emeritus Pro-  
fessor of Economics, University of  
Liverpool, Imperial College of Science and  
Technology; Mr. Anthony Grosland,  
section spokesman on the environ-  
ment; Mr. R. C. W. Farnham, sec-  
retary, Ash Air Ferries; and Mr. R. C. W.  
de Leeuw, director, Taylor  
Foster and Co., Ltd., and project  
engineer, Cross Channel Contractors.

**COUNCIL OF BRITISH MANUFACTURERS**  
AND CONTRACTORS SERVING  
THE PETROLEUM AND PROCESS  
INDUSTRIES, a half-day conference on  
"OILS, CBMPs, and Other Oppor-  
tunities," at the Connaught Rooms,  
W.1, on 11.11.55.

**ROYAL SOCIETY, address on "The  
Use of Space Three," at the  
Royal Society, W.1, at 7.30 P.M., at  
which the speakers are: Mr. James Priest,  
Lord President of the Council;  
H. H. Woodhouse, President of the  
Institution of Mechanical Engineers,  
the Institution of Engineering  
Technicians; and Sir Frank Finlay,  
Chairman of the Pay Board.**

**ANNUAL MEETINGS—**  
**COMMON GENERAL INVESTMENTS,**  
at the Grosvenor Hotel, W. 12 (Chairman,  
A. Stow).

**INSURANCE AND FINANCE AND INSURANCE**  
**AGENTS, Great Eastern Road, E.C.4,**  
on 11.11.55, at 10.30 A.M. (Chairman,  
J. P. S. Stores, RUSSIA, 3 (Chairman,

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W. A. Brimmer,



# Walter Weller

by GILLIAN WIDDICOMBE

Walter Weller is the second young Viennese conductor who made his debut with the London Symphony Orchestra in the Albert Hall last January. Last night he graduated, with the orchestra, to the Festival of the City of London (Shostakovich's *Violin Concerto* and Strauss's *Capriccio for Piano and Orchestra*) which LSO seem to give increasing importance to. In the LSO's chairman's opening remarks, Weller was principal trumpet, and he played at the Festival of the City of London. It needs no special introduction to those enormous climaxes, but Weller and the LSO gave an admirably cohesive reading, nicely timed, and coloured brightly.

Before the interval Christoph Eschenbach gave a dreamily played performance of Beethoven's *B-flat piano concerto*. Not over-elegant, exactly, but the finale was deft and perky. But small scaled enough to risk sinking close to a slow shudder in the Adagio. Weller and the LSO were also caught napping.

## BBC's 'Britten Sunday'

Benjamin Britten's 60th birthday is being celebrated by BBC2 and BBC1 in a series of special programmes on Sunday, November 25. Radio 3, for the first time, is devoting a whole day to the composer, with all major broadcasts connected with Britten, in a performance of his *Stabat Mater* at 8.05 a.m. in his music at 11.05 p.m.

BBC2 will take a retrospective look at the man through his music, with emphasis on his last years, leading up to a relay of Britten's *Spring Symphony* from the Albert Hall. BBC1 will join forces with Radio 3's stereo broadcast of the concert.

Britten Sunday on Radio 3 includes Britten's personal choice of music, his new opera *Death in Venice*, the incidental music for the play *Henry VIII* by the Royal Shakespeare Company, and a poetry reading by

Peter Pears, a talk on Britten's six ages by John Amis, and the relay of the birthday concert at the Albert Hall. The concert, with André Previn conducting the London Symphony Orchestra, includes Britten's *Serenade*, his friend Shostakovich's *Cello Concerto*, and the *Spring Symphony*.

Britten's *Birthdays* on BBC 2 Television presented by John Culshaw, has unearthed a 90-second GPO commercial made in the 30's with music by 20-year-old Britten, and an excerpt from John Grieson's documentary *Radio 3's Birthday* tribute to Britten this month. Britten will be seen as pianist, with Sviatoslav Richter and Peter Pears, and as conductor.

To-morrow, Thursday, Radio 3 broadcasts an all-Britten concert with Louis Fremaux conducting the Birmingham Symphony Orchestra.

### television

## Due impartiality

by CHRIS DUNKLEY

Since all three television channels, now in the midst of a new era of novelty in the past week other than *The Wednesday Play*, is a column will be devoted to an angling programme which was broadcast on Tuesday last week. It is hardly a question of a last sort, however. Had it been possible to see the programme on enough, last week's column would certainly have been voted to it, since it is difficult to recall another programme on British television quite like it. It is being so, it is amazing how the comment has appeared elsewhere about the shores of the inter-union, which makes all a more reason for considering now.

Filling ITV's Tuesday documentary slot, the programme was titled *The Red Under The Bed*, it was directed by John H. Williams, and was presented by Woodrow Wyatt. The programme was a light of the television Act, 64 which states clearly at one of the duties of the dependent. Broadcasting impartiality is to ensure that of the persons providing the programmes as respects matters political or industrial controversy or relating to current public policy. Since Southern Television, which is not referred to as a "myth" and noted at Woodrow Wyatt "attempts to answer the commonly held view that the foundations of a British capitalist society are being attacked and brought down from within," one began to link that perhaps the pejorative traces were simply rhetorical and set up to attract an audience and destitute it.

One, however, was wrong. The programme turned out to be as clearly anti-communist as just as themselves. Within opening minutes Mr. Wyatt said: "What I am trying to do is whether the com-



Roy Dotrice and Rachel Kempson in 'Games,' which opened last night at the Queen's Theatre

## Purcell and Britten

by DOMINIC GILL

Monday's BBC 1 lunchtime concert was the last of a series at St. John's, Smith Square, devoted to vocal works by Purcell and Britten, and an excerpt from John Grieson's documentary *Radio 3's Birthday* tribute to Britten this month, which reaches its climax next Sunday with a whole day's broadcasting of his music.

The birthday itself actually falls on St. Cecilia's Day, this Thursday, and so, as an apt joint tribute, the BBC included in their lunchtime programme two celebrations of St. Cecilia by

Purcell, the Ode "Raise, raise the voice" and the Hymn "Laudate Caelum." These both were very stylishly played and sung by members of the Serenata of London with Nan Christie, Helen Watts, Ian Caley and Christopher Keyte, directed from the harpsichord by Raymond Leppard, and imbued with plenty of energy and festive spirit.

Britten wrote his short song-cycle for mezzo and piano, a *Charm of Lullabies*, shortly after moving from Snape to

## Round the galleries

by MARINA VAIZEY

The lower gallery at the Whitechapel is filled with a number of large, shaped paintings which are ablaze with radiant, almost incandescent colour, by Trevor Bell.

The artist (born in 1930 at Leeds, where he also studied) became a part of the Penwith Society, St. Ives, Cornwall, in the mid-1950s, and turned then to abstract idiom. He has not shown extensively in London for some time, although he was a much-lauded young painter in the late 1950s and early 1960s. Recently he has been in Florida, and a number of the very large paintings, often made up of separate pieces, have titles which refer to that geographic place: *Seminole, Florida High*, and so on.

The paintings, all acrylic on canvas, are demanding in a rather agreeable way. The colours are strong, organised in blocks and streaks of modulated and infected tones or hues of the same general colour, so that a lot is going on within one colour, as it were. Most paintings play with the interaction of two or three colours. The colours are almost always in juxtaposition, which are far from tasteful mysteriously work to convey impressions of great and rather splendid energy.

In the small gallery works on paper and studies for paintings stand up well on their own, showing the careful thought that underlines the blazing paintings in the main room, with their hanging pieces out of little balls of white cotton wool, pieces of white plastic. The artist is a bit of a perfectionist, he wanted a white surface "that is simply a white surface and nothing else." This is really a good teaching exhibition, pointed by the works themselves, about an artist's little-known about here, whose ferocious intelligence and extraordinary humour, mortally defeated by his early death, have already achieved artistic immortality as his helpfully subversive influence grows. Evidently not widely faked but wildly sought after. The Customs held up these Manzonis though: what could they have thought they were, but art?

What kind of exhibition programme should the Royal College of Art? The institution is, in terms of prestige alone, theoretically the leader in the teaching of art and design. Naturally there are continual exhibitions of student work in the areas in which the College teaches, prize exhibitions, and slices of cultural diplomacy (French tapestries, Norwegian all sorts). They also have a new exhibition organiser, Roselee Goldberg, who in the past few months has attempted a careful and sophisticated didactic pro-

gramme of lectures and small exhibitions devoted to present-day extensions of the boundaries of art-ideas.

At the moment, there are two such exhibitions. One is *Record Art Work*, devised by Germano Celant. This demonstrates the ways in which a number of artists, from Jim Dine to Professor Joseph Beuys to Jan Dibbets, have used, with deliberation, sound, and published their results in record form. It includes audiocassette, art by telephone, Allan Kaprow on how to draw a line, and a record of artists participating in an exhibition. There is, in fact, a 20th-century tradition of this starting perhaps with Dada, and Schwitters, and within the confines of a small exhibition of the records themselves, and some six hours of tape from records, a good deal of information about this phenomenon is conveyed.

There is also an exhibition of the work of Manzoni (1933-63). There will be a big exhibition of Manzoni at the Tate in March, but the present display, of about ten white Achromes, accompanied by photographs of artist objects, bent cutlery, paintbrushes, books, gardening and building tools. The paintings themselves, to which the objects are attached by means of wire or hooks, are made with red, green, blue, and black, and are of various sizes, from a few inches to a couple of metres long. The artist is a bit of a perfectionist, he wanted a white surface "that is simply a white surface and nothing else." This is really a good teaching exhibition, pointed by the works themselves, about an artist's little-known about here, whose ferocious intelligence and extraordinary humour, mortally defeated by his early death, have already achieved artistic immortality as his helpfully subversive influence grows. Evidently not widely faked but wildly sought after. The Customs held up these Manzonis though: what could they have thought they were, but art?

Jim Dine was born in Cincinnati in 1935; his father owned a hardware (ironmongery) store. He lived in New York, and London, and now in Putney, Vermont, one of the most beautiful places in the world. He is also one of the most exuberant, skilled, funny and clever artists around, whether you consider this to be despite or because of psychoanalysis.

Presently, there is an exhibition of seven new paintings, done especially for the show at Gimpel Fils, and a major exhibition of new graphics at Felicity

Samuel's. Dine has participated in and initiated happenings in the balm days of art optimism in New York in the late 50s and early 60s; he did some controversial and hilarious set and costume designs for Shakespeare in San Francisco. His gallery art work is a seamless tapestry of conventional and very domestic; his own heroes figure large, such as Rimbaud; and so do domestic things, from ballroom to valentine hearts, and the tools of the carpenter's and house-painter's trade. The paintings tread a perilous path with gifted grace. Large painted panels are filled with simple, with red, green, blue, and black, and are of various sizes, from a few inches to a couple of metres long. The artist is a bit of a perfectionist, he wanted a white surface "that is simply a white surface and nothing else." This is really a good teaching exhibition, pointed by the works themselves, about an artist's little-known about here, whose ferocious intelligence and extraordinary humour, mortally defeated by his early death, have already achieved artistic immortality as his helpfully subversive influence grows. Evidently not widely faked but wildly sought after. The Customs held up these Manzonis though: what could they have thought they were, but art?

The real objects make shadows on the painted surface, or extend the whole work into walking exhibition space. In the graphics, there is another kind of heightened reality. Most of the prints are etchings, and there are a few lithographs. There is a whole series devoted to portraits, and a number of self-portraits. Shoes and bolt cutters, beads of hair, paint brushes and braids form subjects delineated with precision and humour, which make of ordinary objects something of complex beauty.

There is wit at work too, nowhere more apparent than in the mastery series of 30 dry-points called *30 Bones in My Body*, in which household tools are gently fussed with fine lines suggestive of body hair. The amazing suggestiveness of ordinary things is wonderfully exploited, so that various tools become remarkably evocative of various parts of the body, navel creases and the like, of skin and the joining of limbs to torso. These images are both hilarious and touching, surprisingly emotional, surprisingly sensual. For all the simple and electric directness of the imagery, the lasting impression is one of a carefully indirect comment on the functions and appearances of the body, expressed through the clever use of seemingly impersonal objects.

### ENTERTAINMENT GUIDE

**OPERA & BALLET**  
**COVENT GARDEN THE ROYAL BALLET**  
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## WORLD TRADE NEWS

## THE GATT TEXTILES AGREEMENT

## Certain division, no accord

BY DICK WILSON



M. Olivier Long: his problem is to steamroller an agreement.

A STRONG possibility has arisen that the deadline set by the Gatt for the conclusion by December 31 of a new Long-Term Arrangement (LTA) covering world trade in man-made fibres and wool as well as cotton textiles will not be met. Delegates from major importing and exporting nations this month debated a new draft agreement, prepared by the Gatt Secretariat, but little progress was made.

Differences over the precise powers and composition of the Textiles Surveillance Body kept delegations apart. And the unfortunate EEC negotiators were once more unable to bring a firm mandate from a hard-pressed Council of Ministers. If the Community has still failed to resolve its internal differences over textile policy by the first week of December when the Textiles Committee meets again for what is hoped will be the final round of negotiation, it may be necessary to postpone the pact yet again. The major exporters and importers have already protested their concern at the delay by extending existing bilateral agreements into 1974.

The 1974 EEC scheme of so-called GSP tariff preferences for developing countries, for instance, will incorporate the old LTA provisions. This is because the GSP preference for textile products is limited to LTA signatories only. France had apparently wanted a six-month extension, but the Germans and others to the EEC successfully argued that it would be a gross administrative inconvenience to change what are already complex import regulations in mid-year. But most textile exporters would like to see a repetition of this, because it offers so big a loophole by which the importing countries can evade the rules of the main agreement.

There are three major areas of disagreement still to be cleared away in the 21-page draft which was prepared for last week's meeting by the Gatt Secretariat. One is the freedom given in the draft Article 4(2) for an importing and exporting country to make their own deals on textile restraint outside the framework of the MLTA, as long as they are consistent with the MLTA's basic principles.

Another thorny problem is the new entrants, especially in the synthetic field. As the India Textile Commissioner explained, whereas India now has

only one major synthetic plant serving principally the domestic market, it hopes within two or three years to commission more plant with a view to exporting. If India's quotas were to be based on past performance, they would be very low indeed. The same apprehension is felt by Brazil, Mexico and other Latin producers.

Article 6 of the new Gatt draft deals fairly with this problem, withdrawing the criterion of past performance for new entrants' quotas and according them a high growth rate, provided that it does not "seriously discriminate against established countries such as Korea and Hong Kong." The difficulty remains in interpreting these acceptable, but vague principles.

The largest bone of contention certainly is the Textiles Surveillance Body (TBS). The Gatt and the developing countries are delighted that the U.S., EEC and Japan have accepted the innovation in principle, but there is no consensus on how exactly it should work. For one thing the TBS may only make recommendations, and governments are merely asked to "endeavour to accept in all its recommendations." Should it consist of diplomats or experts? (The exporters would like the latter, the importers the former.) Should it proceed by majority or unanimity? How big should it be? How fast should its membership rotate?

These questions were asked in Geneva, but not definitively answered. Some of the supplying countries also felt that the duty of the TBS to undertake annual reviews not only of the world textile situation but also of textile trade trends would also detract from its real function of adjudicating disputes. If the two parties to a dispute over textile market disruption cannot agree between themselves, their dispute goes to the TBS. But the aggrieved party can ignore the TBS recommendations, and only then the other country can only

appeal to the Textile Committee of the Gatt and eventually the Gatt Council, as at present. It can also take retaliatory action or demand compensation in some circumstances, but the machinery for this is not clear.

An importing country has an important freedom from multilateral negotiation in "critical circumstances," where imports during the two months after a complaint has been made "would cause damage difficult to repair." In these conditions unilateral restraint can be implemented. On most other issues the new text is surprisingly uncontroversial, meeting the genuine demands of both sides.

The proposed length of the agreement is five years, and the product coverage is defined as: Yarns, if twisted, textured or spun, piece goods, made-up articles, garments, and other textile-manufactured products of cotton, wool, man-made fibre, or blends of those fibres, in which any or all of the fibres in combination represent either the chief value of the fibres contained in such product or more than 80 per cent by weight of the fibre (or 17 per cent or more by weight of wool) content of such product.

But the big three importers—the U.S., EEC and Japan—are overruled to have some regulation, and in the trade a serious and potentially chaotic interlude between agreements would be considered undesirable. Whether Mr. Olivier Long, the Gatt Director-General, can steamroller the divided delegations into agreement during the first week of December seems, however, doubtful.

## BOC welding exhibits displayed in Tokyo

BY CHARLES SMITH, FAR EAST EDITOR

A TECHNIQUE for underwater welding which could cut the cost of building giant tankers is being demonstrated by the British Oxygen Company at an advanced welding exhibition which opened today at the British Export Marketing Centre in Tokyo.

The technique has so far been used for the repair of oil rigs in the Gulf and in the Norwegian sector of the North Sea. British Oxygen says it could also be used for bridge building, and eliminating the need for the construction of concrete caissons for underwater operations.

In the shipbuilding industry, underwater welding has yet to receive the approval of Lloyd's and other ship registration authorities.

However, BOC points out that when the process is approved it will make possible a huge saving of time and money. The most giant tankers now built in Japan are constructed in two which opened today at the halves and then welded in dry dock.

Underwater welding is one of a dozen or so advanced techniques which are being shown at the Marketing Centre. Exhibitors include Cambridge Vacuum, which is already selling its electron beam welding process in Japan, the University of Birmingham and the engineering division of the Harwell Atomic Energy Research Establishment.

Many of the techniques on

show are being offered for licensing to Japanese buyers rather than as ready-made pieces of equipment. BOC hopes to sell its underwater welding technique as a complete service (including trained welders) to Japanese buyers, but believes that there may eventually be a case for a joint venture with a Japanese company to operate the service.

The welding exhibition follows two earlier exhibitions at the British Marketing Centre since the Centre's opening in September, both of which were apparently highly successful in promoting sales to Japan. After the first devoted to marine equipment—ten exhibiting companies predicted sales worth just

over \$1m. for their companies over the next one or two years while the Director of the Industry Association has forecast a five-fold overall increase in sales of marine equipment to Japan from the present level of around \$2.5m. a year.

Furniture manufacturers who took part in an exhibition early in November sold all their exhibits in one day and expect to make another £250,000-worth of sales over the next year. Since Britain's furniture exports to Japan were previously running at only some £300,000-worth a year, this amounts to the virtual doubling of exports. The second exhibition of furniture is due to be held early next year.

## Computer industry 'relies on imports of peripherals'

BY CHRISTOPHER LORENZ

CRITICISMS OF the Government's computer industry support programme are likely to be reinforced by today's disclosure of the extent to which U.K. computer manufacturers are increasingly relying on imported peripheral equipment.

The proportion of factored deliveries by U.K. computer manufacturers increased from 34 per cent in 1970 to 45 per cent last year, according to the statistical review of the electronics committee (EDC) of the National Economic Development Office (NEDO). Almost all the factored equipment is imported.

Peripherals are becoming an increasingly important part of the computer industry, as evidenced by EDC figures showing they accounted for 35 per cent of computer equipment deliveries last year, against 31 per cent in 1970.

The ratio of factored to home-produced data transmission equipment increased more rapidly, from 17 per cent in 1970 to 38 per cent in 1972. In contrast, the proportion of factored digital computing equipment (by far the major sector of the computer industry) remained steady at 41 per cent.

Both the House of Commons Select Committee on Science and

Technology and the National Electronics Council have recently demanded more Government aid for the peripherals industry.

In its recent medium-term review the EDC itself echoed this concern, though it stopped short of an immediate call for more aid.

The EDC statistical review deals at length with every sector

of the electronics industry, and the 1972 edition will be of particular value.

The survey shows that total sales by the industry rose by 17 per cent in 1972 to £1,521m. at current prices. This high growth rate nearly matched the expansion prior to the 1971 recession, though many of the 1972 figures have a higher inflationary component.

## UDT to open three new London moneycentres

BY MICHAEL BLANDIN

A FURTHER considerable expansion in its money shop operations has been announced by United Dominions Trust, the banking and finance group.

Three new "moneycentres" are to be opened by the group in the London area on Friday. The new shops, in Shepherd's Bush, Wood Green and Clarendon, will bring the total number of UDT moneycentres in operation to 20. A further 10 in provincial towns, are to be added to the chain in the next few months.

The move indicates the success of the group's initial experiment in the money shop area, bringing it into direct competition with the big banks for personal banking and deposit business.

The first UDT moneycentre was opened in April last year. After the success of the initial Bush, Wood Green and Clarendon, 12 ventures the decision was taken early this year to expand the network in the provinces and also in the London area, where there are now moneycentres in Romford, Ilford and Croydon.

## Saleroom

A MOTTLED Celadon and emerald green jade vase and cover was sold at Christie's yesterday for 11,000 guineas to a London dealer, Wong Hong Ming. The vase, 10½ inches high, brought the top price in the sale of Chinese jade and hardstone carvings, which totalled £214,453.

A spinach-green jade arrow vase and cover, 9½ inches high and dating Chien Lung dynasty, sold to a private buyer for 8,000 gns, while an imperial spinach-green jade incense burner and cover went to Spink for 7,500 gns. A white jade group of the laughing twins and a pale

of sales at the Hotel Richmond Cartier sold for £12,000 to a private buyer and another Cartier mystery clock went for £10,866 to a dealer. A Fabergé gold bonbonniere in the form of a table in the Louis XV style went to Wartski for £10,000. The same buyer paid £10,399 for a highly important and rare Fabergé sapphire and diamond brooch.

At Sotheby's a manuscript notebook containing a recently found tract - comedy by Shakespeare's Lincolnshire-born contemporary, Thomas Heywood, fetched £45,000.

The notebook, bought by a New York dealer, was sent for sale by the Marquess of Lothian, at whose home, Melbourne Hall, Derbyshire, it was discovered. It is hailed as perhaps the most important literary find of the century.

The manuscript made the top price in a sale of autograph letters, historical documents and literary manuscripts of the Tudor and Stuart periods which realised £89,853.

A magnificent imperial Russian egg clock, known as the Cuckoo Egg, by Fabergé was sold by Christie's in Geneva for £23,666 to Wartski. The egg, in gold enamel and jewels, was presented to Alexandra Feodorovna by Nicholas II.

The sale of Fabergé Russian objects of art, art deco and antique jewellery totalled £340,537. A Fabergé rectangular silver cigarette box enamelled in yellow and blue, the racing colours of the Rothschild family, sold for £16,000 to a private buyer. The box was made for Leopold de Rothschild.

An art deco mystery clock by

## NatWest personal loans at 9%

By Michael Blandin

NATIONAL WESTMINSTER Bank has decided to increase the rate of interest on new fixed rate personal loans from 7½ per cent to 9 per cent flat, equivalent to a true rate of around 17½ per cent.

The move is a further reaction to last week's sharp jump in overdraft rates which, with the banks' base rates at 13 per cent, has meant private customers are paying up to 18 per cent on overdrafts.

It forms part of a general revision of the NatWest interest rate structure in which the bank has brought the rate on deposit accounts above £10,000 into line with other banks at 11½ per cent (below this level the rate is still frozen at 9½ per cent).

Other rate changes include rates of 2 per cent on business development and home improvement loans to 8 per cent secured and 9½ per cent unsecured—and in farm development loans to 8 per cent secured and 9 per cent unsecured.

## Some Tyne port charges to rise 20%

PORT OF TYNE Authority is putting up some charges by as much as 20 per cent from January 1 to meet increased labour costs. Many other charges will continue to be pegged at their present levels.

The increases are being levied mainly on cargo handling and meet the Phase Three requirements of the Government's pay and prices policy. It is estimated they will increase by just under 5 per cent the port's annual revenue.

Tyne Pilotage Authority at Trinity House, Newcastle, has agreed to pilotage rates for the 64 per cent increase in pilotage rate to bring pilots' pay into line with the recent award to Merchant Navy officers.

## NEW BRANCH FOR HILL SAMUEL

Hill Samuel to-day opens new offices in Birmingham with a ground-floor banking hall, the first retail banking service to be introduced by a merchant bank in the Midlands.

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## AMERICAN NEWS

Ford's nomination passes  
Senate committee hurdle

ADRIAN DICKS

WASHINGTON, Nov. 20

GERALD FORD moved closer to the vacant vice-presidency when the Senate Committee voted unanimously in favour of his nomination. The next procedural hurdle will be for the committee to file a formal report next week, after which the Senate will be asked to confirm him.

The House of Representatives Committee, which held its hearings several days before the Senate, has not yet named a timetable for the action of its work. But while it has been hearing the harshest words against Mr. Ford since the Nixon named him to the job, Mr. Spiro Agnew last night the loose allegations against Mr. Ford's financial record were effectively answered.

No serious objections being raised concerning his extensive political record and qualifications for stepping into President Nixon's shoes, it that become necessary.

At the House Committee hearings yesterday, Mr. Ford was attacked by several liberal Democratic congressmen for his lack of leadership — though other equally liberal Democratic Congressmen rose to his defence.

He was also criticised at some length by Mr. Clarence Mitchell, a veteran civil rights lobbyist, for taking a lukewarm position on major civil rights issues.

Mr. Mitchell said he felt that Mr. Ford "would be fair in generally accepted areas of what is fair, but when it comes to a crunch, when you have to take a stand because it is right, I think he fails short."

One of this has, however, cast serious doubt on the outcome of the hearings, and it now looks as though Mr. Ford will be definitely confirmed before the end of the year.

That will be none too soon to begin the task he has already begun, of trying to rebuild the fraying relationship between the Nixon White House and the rest of the Republican Party in Congress and in the country.

As the President himself concluded his tour of the South to-day with a visit to the Republican Governors' meeting in Memphis, Tennessee, the Louis Harris Poll reported that the proportion of the American population willing to describe themselves as Republicans has fallen to the all-time low of 25 per cent. This compares with 30 per cent. a year ago, and 32 per cent. on the eve of President Nixon's first electoral victory in 1968.

During the same period of time the number of people willing to describe themselves as Democrats has slipped from 31 to 47 per cent., while the proportion who prefer to be listed as independents has risen quite sharply from 17 to 28 per cent. over the five-year period.

Meanwhile the Senate Watergate Committee, plodding on with its investigations into last year's campaign, is expected to produce a report on the alleged role of Mr. Bebe Rebozo, a friend of Mr. Ford, and the former Treasury Secretary John Connally to testify in public hearings.

Chile Government  
cancels voting  
registers

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE CHILEAN junta yesterday announced the cancellation of all current electoral registers and the start of a new method of drawing up voting lists.

Controversy has meanwhile broken out about the attitude of the Christian Democratic Party of the Allende Government, which started on an ambitious public relations tour for the junta at the head of an eight-man team. The team will visit 20 countries including Britain.

The Chilean Government has refused to allow a visit from the mission which is expected to encounter demonstrations from people protesting against the massacres which have followed the coup d'état of September 11. The military in Santiago have announced that on Sunday an armed group attempted to blow up an arsenal in the town of Copiapó some 500 miles north of Santiago, while 15 shots were fired at a naval radio station 10 minutes' drive from the centre of the capital.

The cost of living in Chile rose by a record 57.8 per cent. last month according to official sources. It is expected that this may be exceeded this month as some of the recent price rises allowed by the junta had not come fully into effect last month.

The Chileans are to hold talks with Bulgaria, Czechoslovakia, China, East Germany, Romania and the Soviet Union about the \$91m. owing to those countries, according to the Central Bank. About \$21m. is due next year and \$20m. in 1975.

The construction of a type of new society, much more just, dynamic and unifying for Chileans. Sr. Leon Vilarin, leader of the Chilean hantlers whose strikes last October and in August were a major factor in the overthrow of the Allende Government, has started on an ambitious public relations tour for the junta at the head of an eight-man team. The team will visit 20 countries including Britain.

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Indiana Standard cuts  
its refinery output

CHICAGO, Nov. 20

DUCTION AT Standard Oil (Indiana) refineries will be cut about 7 per cent. worldwide and 3 per cent. within the U.S. for the remainder of 1973.

For the remainder of 1973, the cutbacks may worsen next year, Mr. Robert Nease, President, indicated in a speech.

Mr. Nease said about 40,000 bbls a day of Arab crude oil being imported directly into the U.S. for refinery processing to the embargo. With that oil source cut off, about 60 barrels a day has been added by other sources, leaving the supply to Standard's U.S. refineries during the remainder of the year about 25,000 barrels below desired levels — a 3 per cent. cut of domestic refinery runs, he said.

On a worldwide basis, Standard's anticipated shortage for balance of 1973 is about 100 barrels a day, or about 1 per cent. of the company's requirements to meet its existing needs and sales commitments to others, he said.

He added that the situation in the Middle East is so uncertain that Standard's future availability of crude oil from foreign or domestic sources cannot be predicted. "As things stand now, Standard's present supply deficiency may increase early in 1974," he said.

During the first nine months of 1973, Indiana Standard refineries worldwide processed about 180,000 barrels a day of Arab oil, or 16 per cent. of refinery runs.

ALBERTA TO SET  
UP OIL BOARD

EDMONTON, Nov. 20

THE ALBERTA provincial Government decided to go ahead with plans to establish an oil board, a body which will advise the Government on the oil industry.

Government officials will meet during the next two weeks to determine how it can best work, the Alberta Premier, Mr. Peter Lougheed, told a Press conference.

Quebec talks  
on effect of  
power project

By Robert Gibbons

MONTREAL, Nov. 20

THE QUEBEC Government has begun secret talks with Indian and Eskimo organisations on possible compensation to cover disruption in their way of life from the \$6,000m. James Bay hydro-electric project in north-western Quebec.

The native peoples last week obtained a court order in Montreal halting construction work on the project pending legal clarification of the Indians' and Eskimos' rights in the area.

Yesterday the Government's bid for a stay of injunction suspending the order was delayed in the court of appeal until Wednesday while the judges took further time to study the 170-page Superior Court order.

Government sources in Quebec said "absolute discretion" was needed if the talks were to have any chance of succeeding.

Vesco 'deal with  
Argentina' denied

BUENOS AIRES, Nov. 20

A SPOKESMAN for the Argentine Interior Minister Sr. Benito Llambí denied a report that the Minister had made an arrangement with U.S. financier Mr. Robert Vesco concerning extradition.

The Wall Street Journal said sources in Buenos Aires asserted that the Minister had assured Mr. Vesco that any attempt to extradite him from Argentina if he moved there would be denied. The Interior Ministry spokes-

man said the Minister had never met with Mr. Vesco nor made any such assurances. The financier is now under \$75,000 bail in the Bahamas awaiting a decision on a U.S. request to extradite him.

The request has meanwhile cleared one hurdle with a ruling that a U.S.-Bahamas treaty is valid. The Bahamian Foreign Minister, Mr. Paul Adderly, handed down the decision on the 1831 extradition treaty.

## Banzer beats par

BY ALAN RIDING IN LA PAZ

FIVE "plots" had to be discovered and dozens of his political enemies deported or arrested, but Bolivia's President, General Hugo Banzer Suarez, did make it. Over the past 40 years, the average duration of Bolivian presidents has been two years. General Banzer has just broken that barrier and now looks set for several more months in power.

He is probably less secure than he imagines. He has called elections for next year in order to legalise his dictatorship, but many people doubt whether the elections will be held or, if they are, whether General Banzer, 47, will be the official candidate. The ruling coalition of the armed forces and the country's two principal political parties is in tatters and the economy seems in permanent crisis despite high world commodity prices. People no longer seem to expect the regime to resolve the country's problems.

To any outsider, Bolivia's problems seem quite insoluble. The country is landlocked with a territory equal to that of France, Spain and Portugal combined, but with a population of only 5m. Much of the territory is barren mountain or thick jungle, two-thirds of the population are impoverished Indians living outside the stream of national life and the economy. The economy itself is sustained almost exclusively by exports of tin, but per capita income is only \$230 a year, the lowest in any South American republic.

The armed forces, with 20,000 men, are the only permanent political institution. In the absence of foreign threats, senior

army officers are in effect reformed politicians whose words are backed by force. But while no civilian can rule without their support, individual generals are also unable to survive long without some degree of civilian backing. In other words, civilians cannot overthrow military rule, but can force a change in the name of the ruling officer.

General Rene Barrientos was probably the most successful of recent Bolivian presidents in that he combined military and

reforms in the 1950s, and the smaller Right-wing Bolivian Socialist Falange (FSB)—to join the armed forces in a coalition to be known as the Nationalist Popular Front (FNP). The FNP leader, a former President, Sr. Victor Paz Estenssoro, was allowed back from exile. Although he had lost much of his revolutionary drive, he had remained a popular figure. Combining the support received from private enterprise and the U.S. and Brazilian Governments with a "witch-hunt" that drove

many of his potential political and military foes (none of Bolivia's ambassadors are in fact exiled generals), political tensions have been more than apparent inside the governing coalition.

At present, the 15 Cabinet posts are divided equally between the armed forces, the FSB and the MNR. Real power remains with the military which must approve all matters of significance. The FSB and the MNR, on the other hand, are sworn enemies and only remain in the coalition in the hope of out-maneuvring each other at some future date. That "future date" may be the elections—if they are held.

Even under a straightforward military dictatorship, Bolivian politics are endlessly complicated and the permutations of possible outcomes of the present confusion are infinite. First of all, despite his desire to perpetuate himself in power under a cloak of constitutionality, General Banzer probably already regrets having promised elections for next year. Important sectors of the armed forces feel that there is no need for elections at all, while others believe that elections should not be held before 1975—and that General Banzer should not be a candidate.

The FSB has jumped the gun by nominating General Banzer as its candidate, but the larger MNR is bargaining for a more important role in any future Banzer administration before he will support it. The MNR leader, Sr. Paz Estenssoro, would of course like to run for office himself, but is strongly disliked in military circles. Outside the coalition, there is pressure for a political amnesty to ensure "real elections," but Army hard-liners naturally oppose the return home of exiled Leftists even though its control of the large peasant vote enables the Government to determine the winning candidate without blatant fraud.

Ironically, one of the most important factors in domestic politics is the Government's current tactic of playing off against each other Brazil and Argentina for economic advantage. Both countries are anxious to tap Bolivia's considerable oil, natural gas and iron ore reserves and while the Government was previously thought to have fallen into Brazil's sphere of influence (the leftist Torres administration was overthrown with Brazilian assistance and the province of Santa Cruz is booming on Brazilian credit), General Banzer flew to Buenos Aires this month in order to woo General Juan Domingo Peron.

Within the Government coalition, the MNR is regarded as pro-Argentine while the FSB backs the Brazilian model more attractively. But of course, once again, the armed forces have the final word. It is probably no coincidence that many Bolivian Army officers now go to Brazil for training when they once went to the U.S. southern command headquarters in the Panama Canal Zone.

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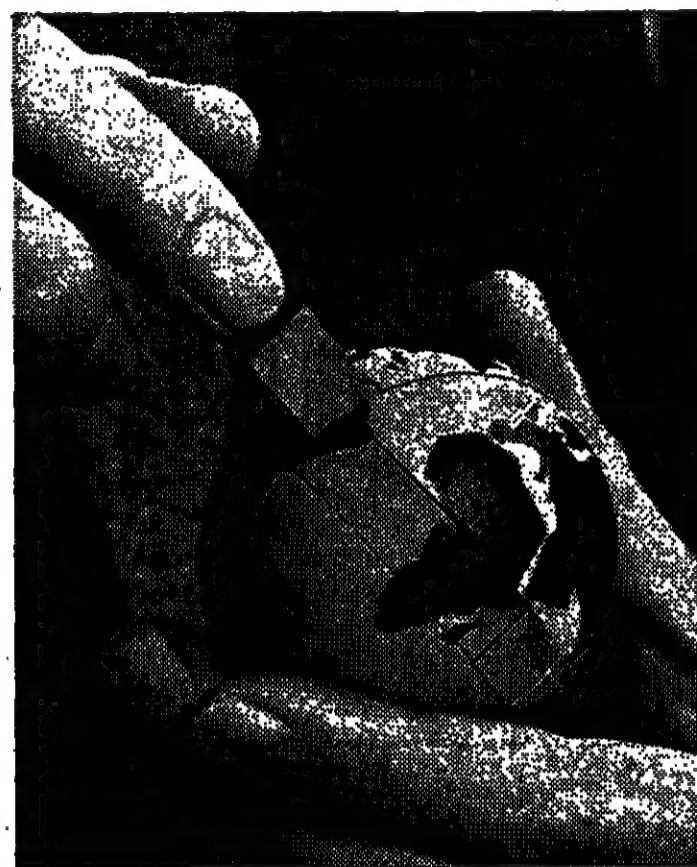
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## EUROPEAN NEWS

## The Nine clear way for 'fireside chat' summit

BY REGINALD DALE

COPENHAGEN, Nov. 20.

FOREIGN MINISTERS of the Nine today cleared the way for an informal Common Market summit next month which could set the tone for a new, more flexible style of top level European decision making.

It is not yet clear whether the Copenhagen summit will be the first of a regular new series as President Pompidou initially suggested—this will be a matter for the summit itself to decide—but it is now certain that it will be quite different from the earlier elaborate conferences that took place in Paris in October, 1972, and at The Hague in December, 1969, after months of preparation.

The Ministers today agreed that for at least part of the mid-December meeting, heads of Government would be alone together without Ministers or advisers, and that no official communiqué would be issued. This conforms with the "fireside chat" concept advocated by President Pompidou and backed by Mr. Edward Heath, the British Prime Minister.

In a gesture to the smaller countries, on the other hand, it

has been agreed that foreign Ministers will also be present in Copenhagen on December 14 and 15 and will probably attend the opening and closing sessions together with the heads of Government. Finance and other Ministers will not be invited.

Countries like The Netherlands, Belgium and Denmark, day pointed out that with coalition governments it is difficult for them to be represented solely by their Prime Ministers—particularly as in some Cabinets the Prime Minister has little or no responsibility for foreign affairs.

The Benelux countries were also anxious for the Brussels Commission to be represented as a further guarantee that the bigger States would not be able to override their interests and disregard normal Community procedures. It was accordingly agreed that M. François-Xavier Ortoli, the Commission President, would be invited to attend those parts of the meeting where strictly Common Market issues are under discussion.

The summit agenda has yet to be finalised, but several main

issues were suggested today which will almost certainly be the chief focal points. On the foreign policy front, these include the Middle East, U.S.-European relations, détente with the East bloc and new procedures enabling the Nine to react more rapidly to world crises such as the Middle East war. Defence policies would not be discussed, French officials stated.

Sir Alec Douglas-Home, the British Foreign Secretary, today stressed that the aim should be not simply to respond to crises, but to work out machinery so that the Community would already have reached "agreed assessments in advance on situations which could lead to crises." In the general atmosphere of reappraisal that has followed the Nine's impotence in the latest Middle East crisis, such suggestions were readily approved by other ministers here today.

Although President Pompidou originally suggested that the summit should deal exclusively with political and foreign policy affairs, it has now been agreed that internal Community problems will also be placed on the agenda. This was, in fact, always inevitable in view of the looming end-year deadline for many of the as yet unfulfilled targets set at last year's Paris summit.

The main "internal" problem mentioned here today was progress to economic and monetary union, where the second stage is due to start on January 1. The Community's regional and social policies, to which Britain among others, attaches so much importance, would also come under this heading.

Other countries today suggested that the Community's energy policy, particularly in the light of the oil crisis, should also be discussed, and this seems likely to be on the list. France has already indicated that it wants the Community's future uranium enrichment policies discussed at the summit.

## Greeks arrest two major political leaders

BY OUR OWN CORRESPONDENT

ATHENS, Nov. 20.

THE LEADERS of Greece's two major political parties were today placed under house arrest following student arrests over the week-end which cost the lives of 11 people.

Mr. George Mavros, 61, leader of the Union of the Centre Party, telephoned foreign news agencies and said that two police officers were posted outside his country house and hold him he was under house arrest.

Mr. Mavros said the same happened to former Premier Panayotis Kanellopoulos, leader of the National Radical Union Party.

Our correspondent writes: Premier Spyros Markezinis stated to-night that he fully backed the army's intervention to quell recent civilian unrest and pledged his determination to return the country to normal political life.

Addressing the chief of the armed forces and the chiefs of the three services and their staffs at army headquarters, the Prime Minister said that the mission of the armed forces was to face internal as well as external enemies. He said he had recommended the army's intervention and the imposition of martial law only when he became firmly convinced law and order were being seriously threatened by anarchists.

He said that under the circumstances the work of the

armed forces was of the same value as when the country was being threatened by a foreign enemy and should be viewed in this context.

The Premier's speech was later televised to the nation. Earlier, General Demetrios Zagorinos, chief of the armed forces, said the troops sent out at dawn last Saturday to dislodge about 4,000 students barricaded inside the polytechnic school had found themselves faced with a well-prepared plan to disrupt law and order.

The general claimed that a demand by the students for a reduction in defence expenditure and the decrease of military service from 24 to 12 months were aimed at undermining the preparedness and defence capability of the country.

The general's allegation of a well-prepared plan came on the second day of widespread arrests of youths and leading members of the outlawed Greek Communist Party and the pro-Communist United Democratic Left (EDA) Party.

Among those arrested today were Dimitrios Partalides, a member of the Central committee of the Greek Communist Party, and Mrs. Popi Dracopoulos, the wife of Charalambos Dracopoulos, lawyer and friend of self-proclaimed leftwing politician Andreas Papandreu. He has been missing for the last two days, his wife said today.

## ITALY

## Local polls reflect support for coalition

BY ANTHONY ROBINSON

ROME, Nov. 20.

LOCAL ELECTIONS affecting just under 2m. Italian voters have given the parties of the recently-reconstituted Centre-Left coalition Government the first opportunity to measure their standing with the electorate. On balance, the results appear to indicate a substantial vote of confidence in the Centre-Left parties.

The Socialist Party (PSI), which re-entered the coalition in June, appears to have been the main gainer, while the Republican Party, whose secretary, Sig. Ugo la Malfa, is now the austere Treasury Minister, has also gained ground. The Liberal Party, however, which was unceremoniously dropped from the Government sphere when Sig. Andreotti's Centre-Right experiment ended in June, lost ground and appears to be heading for virtual oblivion after nearly a decade of practically continuous decline.

Of the two largest parties, the Christian Democrats have lost

ground marginally overall, while the Communist proposal for a "historic compromise" with the Christian Democrats does not appear either to have cost them votes on their left or helped them to gain much overall—although they gained votes and seats in Ravenna and Siena, where they were already strong. But these partial local elections do show that the neo-Fascist Movimento Sociale-Destra Nazionale has lost its former momentum and, while up on the comparable local elections of 1968, obtained many fewer votes than at the general elections in May, 1972.

In percentage terms, shifts between parties were, as usual, marginal, reflecting the essential stability of Italian voting patterns and a multi-party choice. Furthermore, this first electoral test of the Centre-Left covered less than 5 per cent. of the electorate. Voting took place in the autonomous region of Trentino-Alto Adige as well as four provincial capitals—Ancona, Belluno, Ravenna and Siena—and 213 communes in the above areas.

## OIL SUPPLIES

## Hint of reassurance for Dutch by EEC Foreign Ministers

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

COPENHAGEN, Nov.

COMMON MARKET Foreign Ministers held top secret talks on the Middle East and the oil crisis here this afternoon, but officials afterwards would say only that the Community's position remained based on the Nine's earlier Middle East declaration of November 6th.

There was no public reaction to the Arab decision, announced at the week-end, to exempt all the Community countries except The Netherlands from the planned December oil production cuts.

Nevertheless, the Dutch Foreign Minister, Mr. Max van der Stoep, seemed distinctly happier than after the Community discussion of the oil issue in Brussels earlier this month. "We have had a constructive discussion with all Nine working together," the Dutch Minister said, in what was taken as an indication that he had been reassured there would be Community "solidarity" on his country's behalf. Mr. van der Stoep said he could not say more as the issue was so "delicate."

Diplomats said the Community would continue to speak "with one voice" in its dealings with the Middle East countries, to implement the Nine's declaration will, it is understood, now be carried out by each country in the area. It has the most influence. By example, he has already several contacts with Syria to arrange an Israeli-Syrian prisoner exchange, it was veiled here.

At the same time, the Ambassadors of the various Community countries will presumably up their pressure on the States to end their boycott would continue to speak "with The Netherlands."

## WEU urges: 'sink differences'

BY RUPERT CORNWELL

PARIS, Nov.

THE ASSEMBLY of the West European Union today strongly urged Europe to sink its political differences and help Holland over its oil supplies, severely reduced due to the embargo imposed by Arab producers.

The resolution comes on the same day that the OECD's Oil Committee met here to examine the situation in the Organisation's 24 member countries, through the smokescreen of political crises with the assertion that to leave the Netherlands in shortage would be a bitter blow to the principles on which the Common Market and the Atlantic Alliance are based.

However, in embarrassing contrast to the clear-cut terms of the WEU report, the Committee and the Atlantic Alliance are once again avoided any sign of

joint action—such as the pooling of European supplies—for fear of upsetting the Arab producers.

This mainly reflects the anxiety of nations like Britain and France, who have stressed their general support to the Arab cause in the Middle East conflict, not to jeopardise their own already existing position.

However, the WEU report cut through the smokescreen of political crises with the assertion that to leave the Netherlands in shortage would be a bitter blow to the principles on which the Common Market and the Atlantic Alliance are based.

## Yamani: how Nine can avoid further cuts

BY HILARY BARNES

COPENHAGEN, Nov. 20.

NEW ACTION on the Middle East is needed from the EEC countries if the Arab oil producing countries are to consider any further easing of their planned cuts in oil supplies, Mr. Zaki Yamani, Saudi Arabian Oil Minister, told the Financial Times to-night.

Mr. Yamani arrived here this evening from Vienna on a private visit to consult his medical adviser.

He said there was a chance that the Arab countries would cancel

the 5 per cent. cut in oil supplies scheduled for January, but only if the EEC took new action. "If there is anything to justify action on our side we will definitely look at it," he said. He added that the Middle East declaration by the Foreign Ministers of the nine EEC countries earlier this month was not enough to warrant further alleviation of the cuts in oil supplies beyond the annualment of the planned 5 per cent. cut in December.

Mr. Yamani will go on from here to Paris next Monday

## Voluntary cut in Sweden

By John Walker

STOCKHOLM, Nov.

A VOLUNTARY plan to cut oil consumption by 15 per cent. was introduced today by Kjell Olof Feldt, the Minister of Trade. At present, there is intention of rationing fuel cars or lowering speed although drivers are required to save as much fuel as possible by careful motoring. Domestic users of oil are to lower thermostats, industrial and office user required to do so.

## Speed limit in Austria

By Paul Lindvall

VIENNA, Nov.

THE AUSTRIAN Government today authorised a speed of 62 miles per hour on ways and all main roads, same time a decision was taken to reduce heating in offices measures are expected to take effect by the week-end. Meanwhile, the tourist and the provincial government have taken a firm stand any ban on Sunday driving.

## Petrol from coal

BY ANDREW HARGRAVE

FRANKFURT, Nov. 20.

TALKS ON the possibility of reviving coal-based petrol production in West Germany will take place in the next few weeks between the chemicals group Schering on the one hand and the Federal Ministry of Research and Technology and the Federal-owned coal concern Ruhrkohle on the other.

Schering abandoned the production of coal-based petrol and diesel oil at its Bergkamen works

in the Ruhr in 1962. A spokesman made clear today that there was no question of using the now out-of-date Fischer-Tropsch or Bergius processes (on which Germany's large-scale was production was based) but rather the company would "buy technology" from South Africa, where substantial amounts of coal-based petrol are being produced.

The plant itself may cost anything between £250m. and £300m.

## No tariff cut, Iceland told

By Loretta Oslager

BRUSSELS, Nov. 20

THE COMMON MARKET Commission today told Iceland that the Community cannot cut tariffs on the fish it exports to the EEC as long as Iceland has not reached agreement with Germany over fishing limits. The dispute between Bonn and Reykjavik over the 50-mile fishing limit, which has been totally overshadowed by the Icelandic "cod war" with Britain so far, is still going on.

## Down goes the rouble

MOSCOW, Nov. 20.

Reflecting the currency markets in the West, the Soviet State Bank realigned the official rate of the rouble against several hard currencies today and the dollar emerged stronger.

The bank's decision, announced by the Government newspaper Izvestia, came at an unusual time. In the new alignment the dollar was worth 74.81 kopeks, up from 71.5, making the rouble officially worth \$1.34 against \$1.40. AP-DJ

## French unions seek strike

PARIS, Nov. 20.

France's two biggest union groups today called for a general strike on December 6.

The strike, which could bring France virtually to a standstill, was called to back demands for Government action to halt inflation and its increasing effect on the worker's pocket.

The call was issued by the Communist-orientated Confederation Generale de Travail (CGT) and the Confederation Francaise Democratique de Travail (CFDT). Reuter

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Banque de Bruxelles

\*Figures taken from "Investissements Etrangers en Belgique. Rapport 1972", published by the Ministry of Economic Affairs.

هكذا كانت الامم



## EUROPEAN NEWS

### Robert defence proposals expected

PARIS, Nov. 20. PROBLEM of European co-operation will high the three-day session of the European Union's Assembly, which here today.

It is expected from the due to be given to the day tomorrow by M. Robert, the French Minister, who is widely expected to have new proposals subject up his sleeve. The subject that a French Foreign Minister is attending the meeting first time that this has been for many years—is an indication of the importance of the session.

Robert has been beating the defence drum with vigour since the latest conflict broke out in the Middle East. He has been speaking at the European Union's Assembly on October 25 by President to put the U.S. on alert to adequate prior consent of America's NATO has been a particular of French irritation.

**Position**

Then, the French Minister has demanded that Europe should take on a more specific character at the same time has sided in the strongest France's opposition to any withdrawal of American troops from Europe.

His insistence on a common European military presence in Europe has provoked a reaction that France while not intending to return NATO's integrated military force, might be thinking of the Alliance's so-called "flexible" group. This body, set up on the initiative of Mr. Healey, the former Labour Secretary, has been co-ordinating the increased financial contributions to NATO which European members have over the past few years, as well as working out plans to re-evaluate the efficiency of their forces and standardise weapons.

The full French membership in the Eurogroup seems to be led—M. Robert Galley, the Minister, said recently he would inexorably lead reintegration of France in NATO's military structure.

It is obviously a co-operation between the group's adherents stepped up.

**operation**

However, the French appear to be inking principally in terms of military co-operation in the seven-nation Western European Union which, although at its former role of a contact body between in and the Common Market British entry into the unity, continues to have well-defined defence functions.

### Brandt facing united opposition as poll finds support waning

BY JONATHAN CARR

HAMBURG, Nov. 20. THE WEST GERMAN Opposition Christian Democratic Union (CDU) ended its Congress here today with a firm pledge of support from its Bavarian Party ally in the battle to unseat the Government.

Herr Franz-Josef Strauss, leader of the Bavarian Christian Union (CSU), said the Opposition was united and must now direct its fire at the Socialist-led coalition in Bonn.

"The spirit of the age which brought Willy Brandt to power is at an end," Herr Strauss declared, to cheers and applause from some 700 delegates.

#### Poll findings

The end of the Congress has coincided with release of the latest opinion poll showing a significant decline in popular support for Herr Brandt's Social Democrat Party (SPD) since the general election a year ago yesterday.

Only 38 per cent of voters would support the SPD if an election were held today against 49 per cent last December, the poll found. The Social Democrat partner, the Free Democrats (FDP), would gain 11 per cent—and the CDU/CSU 49 per cent.

Thus according to the poll the CDU/CSU is on the verge of enough support to form a government without seeking a partnership.

### Bonn-Czech talks stalled

BY MALCOLM RUTHERFORD

BONN Nov. 20.

NEGOTIATIONS which would allow the establishment of diplomatic relations between West Germany and Czechoslovakia are still stalling on the question of West Berlin, according to diplomatic sources here. Contrary to earlier reports from Prague, Chancellor Willy Brandt has still not agreed on a date for a visit to the Czech capital.

The visit should have been made in early September, but was postponed by Herr Brandt himself because of the Czech refusal to allow West German consulates the right to represent West Berlin institutions. It subsequently emerged that other eastern capitals, including the Soviet Union, were acting in the same way.

A compromise solution seemed to have emerged when the Bonn

Foreign Minister, Herr Walter Scheel, visited Moscow earlier this month. It was agreed that in future, West German courts and courts in West Berlin should deal directly with courts in the Soviet Union. It was believed this agreement could be extended to cover Bonn's relations with other eastern countries.

Shortly after Herr Scheel's Moscow trip, a senior official from the Bonn Foreign Ministry went to Prague and appeared to have tied this up. It emerged subsequently, however, that the agreement was less than watertight. The Ministry spokesman confirmed today that the Czechs had had second thoughts.

The situation now is that contacts between the two sides are continuing through normal channels.

#### IN BRIEF

**UPPSALA:** Sweden's main opposition party, the Centre Party, has shelved proposals for an early merger with the Liberals until its constituency members had given their verdict.

**BRUSSELS:** The Common Market Commission is to order car-makers to equip their cars with a new kind of silencer conform-

ing to stringent EEC specifications, from October 1 next year.

**REYKJAVIK:** The Icelandic Ministry of Justice today struck one British vessel off the list of trawlers permitted to fish Iceland's fishing banks in accordance with the agreement ending the fisheries dispute reached earlier this month.

### PORTUGAL

## Dr. Caetano picks a safe quartet

BY BRUCE LOUDON, LISBON CORRESPONDENT

DR. CAETANO'S latest Cabinet reshuffle, his fourth since he assumed power in Portugal five years ago, is his most important. For the first time he has made a clean break with the Salazar past in several key fields of Government: if anything, the new line-up represents a slight shift towards the centre, away from the hard right of Portuguese politics.

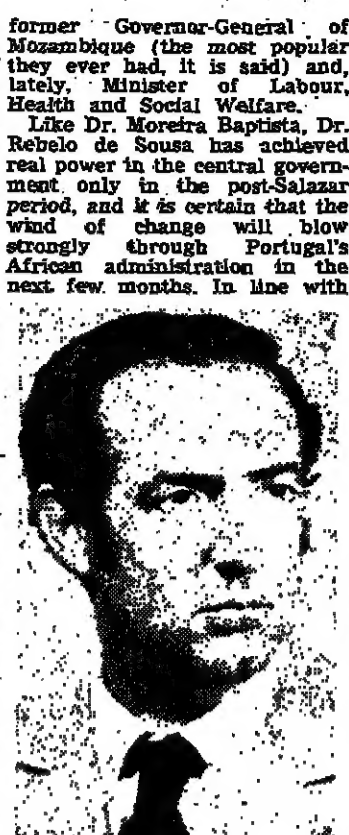
The Salazarist Interior Minister, Dr. António Rapazote, has gone, taking with him some stunningly reactionary attitudes on how to handle the mildest of opponents. Into his Ministry has moved Dr. César Moreira Baptista, for 15 years head of the Information and Tourism Department, latterly as Secretary of State, and a close confidant of both Dr. Caetano and the still influential Head of State, Adm. Américo Thomaz.

Dr. Moreira Baptista, though in some respects a hard liner, is likely to handle with kid gloves delicate matters entrusted to his Ministry, especially the activities of the Directorate-General of Security, successor to the notorious PIDE.

Equally important is the fact that Prof. José Veiga Simão, Minister of Education, has stayed in the Government. Prof. Simão, a Cambridge graduate, is the most open-minded member of the Government, and even malcontent university students concede that his reforms have done more for Portuguese education in the past three years than was achieved for several decades before.

It had been widely suggested that both he and Dr. Rapazote, representing the two extremes in the Cabinet, would be "sacrificed" simultaneously. It is significant that Dr. Rapazote has gone while the "liberal" Prof. Simão has stayed.

For almost a decade the sprawling Ministry in charge of the Overseas Territories was run by Dr. Joaquim da Silva Cunha, a tough and able administrator. In the Government after Dr. Caetano, he is the first civilian to occupy the post in half a century or more. That is not without



Dr. António Rapazote: nearly made his appearance.

Dr. Caetano's own thinking, Dr. Rapazote de Sousa is expected to give much greater impetus to the move towards progressive self-government for the territories, paying special attention to local participation (that means Black participation) at all levels of Government. In Angola, Mozambique, Guinea-Bissau and elsewhere.

Dr. Silva Cunha has been moved to National Defence and, as such, effectively number two in the Government after Dr. Caetano. He is the first civilian to occupy the post in half a century or more. That is not without

significance, though it should be said that he is as hardline as any general on the defence of the African territories. Indeed, Dr. Silva Cunha emerges as the strongman of the new Government.

Dr. Silva Cunha's appointment is welcomed both by military men who like his tough line on Africa, and by civilians who expect much from him in bringing the armed forces under control. There is a fascinating aspect to his appointment: the talk in Lisbon is that Dr. Caetano first offered the Ministry to Gen. António de Spínola, once the all-powerful Governor and C-in-C in Guinea-Bissau. If the talk is correct, for he is, so it is said, keeping the regime at arm's length for the time being while he sees how things develop. The other generals could not agree among themselves on a suitable candidate, and President Thomaz "imposed" his close friend Dr. Silva Cunha.

Either way the former law professor and one-time infantry captain whose passion is to walk huge distances at breakneck pace and inspect troops in far-flung jungle encampments (he is notably the only Minister who bothers to do so), despite his brusque manner must be seen as a potential successor were anything to happen to Dr. Caetano. Dr. Silva Cunha is 53 and Dr. Caetano 67, and Dr. Silva Cunha enjoys the confidence of both the armed forces and the business establishment.

Other appointments worth noting include that of the young and liberal-minded Dr. Joaquim da Silva Pinto to take over from Dr. Rapazote de Sousa at the Labour and Welfare Ministry. He is a liberal technocrat. His appointment implies that there will be no going back on the relatively liberal labour policies, including wages policy, that Dr. Caetano has pursued. Another rising star is that of Dr. Clemente Rogeiro, a close friend of Dr. Caetano's who has lately to the Government department been head of the national radio

and who has taken over the Health Ministry. His influence goes beyond Health, however, and is noted particularly on information matters.

It is, indeed, to information—Dr. Moreira Baptista's former State Secretariatship (Minister outside the Cabinet) of Information and Tourism—that perhaps the most surprising appointment was made. Dr. Pedro Corte-Real Pinto, a career diplomat lately Consul-General in Paris, was



Dr. Silva Cunha: strong man of the new Government.

given the job. He is unknown in local political circles, and most are mystified by his appointment, which is believed to stem from a two-hour meeting he had with Dr. Caetano two months ago. Fellow-diplomats are delighted by his arrival, and certainly he is very different from the quiet and orderly Dr. Moreira Baptista. Most expect including wages policy, that Dr. Caetano has pursued. Another rising star is that of Dr. Clemente Rogeiro, a close friend of Dr. Caetano's who has lately to the Government department been head of the national radio

for censorship of newspapers books and films.

In this sector Dr. Caetano appears to be prepared to lift the lid a little more following the overwhelming vote of confidence he won in the recent general election. Invariably, "liberal-minded" candidates of the ruling National Popular Action topped the polls in each constituency, with the reactionaries just about always bottom, especially in Lisbon.

Two other comments are essential in assessing Dr. Caetano's reshuffle, limited though it was to only four major portfolios. One concerns Dr. Caetano's exceptional penchant for rubbing up the wrong way some of his most faithful supporters by treating them badly in terms of personal relations. This could cost him valuable support in key sectors in the future. The other concerns the new balance of power: in the old cabinet there was no particularly strong individual influence, though Dr. Rapazote obviously had tough pretensions. Now there is a grouping of four key Ministers who may be regarded as closest to Dr. Caetano and who could be considered an inner-cabinet.

They are Dr. Silva Cunha, Dr. Moreira Baptista, Dr. Manuel Cotta Dias, and Dr. Rebelo de Sousa. Before the reshuffle was announced it was, in fact, widely rumoured that Dr. Cotta Dias would be named to a new post of Deputy Prime Minister, thereby being appointed heir apparent. They are all still relatively young, all in their 40s or 50s. All have the immediate ear of Dr. Caetano and, most important, the confidence of old Admiral Thomaz. They are faithful party men who epitomise the "safe" middle-of-the-road sort of colleagues with whom Dr. Caetano feels most comfortable—men imbued with his rather gentle ideal of achieving "evolution without revolution" in post-Salazar Portugal. Hence the shift towards the centre in terms of the Cabinet's composition.

### J.S. troop costs problem for Nato

PAUL LEWIS

WASHINGTON, Nov. 20.

A STRUGGLE is brewing within the Nato alliance over the cost of stationing troops in Europe under the Nato treaty. The U.S. is demanding that the other members of the alliance contribute to the cost of keeping them there. If the allies refuse to offset these costs within a year and a half, the U.S. must give six months notice before reducing its forces to bring the accounts into balance.

Washington is demanding \$21,300m. for new weapons, also requires the Administration to withdraw forces from Europe in 18 months time if their foreign exchange costs are not fully covered by the allies. In the meantime, it is to seek agreement with the other Alliance countries on the precise number of troops to be stationed in Europe under the Nato treaty and the foreign exchange costs.

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## THE OIL CUTBACK... 2

### Independent filling stations are being forced out

PAUL ELLMAN

INDEPENDENT PETROL stations already faced with supply shortages and dwindling margins may be forced out of the market by the Government's 10 per cent fuel cutback.

Retailers are anxious about the clear guidelines on the cutback of supplies to independent filling stations by the oil companies.

The association, whose 1,000 members include many of the independent operators, fears that the cutback may give favoured suppliers a further edge over them.

The independents are facing a cut in supplies of more than 10 per cent, while the big oil companies, through a total of 7,600 outlets, are being asked to cut supplies by only 10 per cent.

The association, however, is still

### Taxi men to seek priority treatment

By Elinor Goodman

LEADERS OF London's taxi drivers are to lobby the Department of Trade and Industry for priority classification under the fuel allocation measures. Taxis, unlike public transport, are excluded from the list of priority users, and the fuel used in taxis, is already on allocation at many stations.

### Service dilemma

A major problem, however, faces managers of the 2,500 self-service stations. They are faced with a choice between hiring more staff to make sure that motorists do not take more than their allocation or try to fill cans, and limiting their opening hours.

No way is seen of controlling sales through consoles mounted on the cash desks at self-service stations.

### Protest at exclusion from priority list

KENNETH GOODING, INDUSTRIAL CORRESPONDENT

CONTAINER manufacturers yesterday protested to the Department of Trade and Industry about being left out of the priority list of industries for special treatment during the oil cutback.

Manufacturers feel they are in a good case as most other industries are on the list. The Government seems to have overlooked them, and without bottles this year.

The same time the glass bottle industry will point out that for Scotch whisky—could be affected by a shortage of fuel if the 10 per cent cut in

## Companies feel they can cope

BY OUR INDUSTRIAL STAFF

MOST "non-priority" companies still feel they can cope with the reduction in oil supplies, although there is apprehension that the cuts could begin to bite too deeply.

However, there are others which maintain their production processes will be affected. For example, Distillers insisted that a 10 per cent reduction in fuel oil would immediately lead to a 10 per cent reduction in whisky production.

As whisky takes some years to mature, the effect will not be immediate, particularly as Distillers is not slowing down the bottling of mature whisky. But the longer the cutback goes on, the more important it becomes to the company, the spokesman added.

### Engineering

The giant engineering combine, Tube Investments, estimated that the 10 per cent reduction in oil supplies would have "a 1 per cent effect on production."

Much of the 60m. gallons of fuel oil Tube uses each year goes for space-heating.

DUNLOP predicted that its production of rubber and sports goods was likely to be hit by the fuel cuts. The company was worried that supplies of components and materials would be affected.

"We have contingency plans in the pipeline for all our depart-

ments, but we are waiting for guidance from Government sources on what to do," the company stated.

Dunlop is particularly vulnerable to a cut in oil supplies used in processing and generating plant and machinery. For that reason, it was not entirely happy yesterday about the basis of the cuts, which will be calculated by consumption at this time last year.

Joseph Lucas, the motor component manufacturer, has cut back on oil consumption by between 10 and 15 per cent over the past few weeks without any loss of production, the company said.

"We are 70 per cent dependent on oil and foresaw these developments, but by running our boilers more efficiently and reducing space-heating, we have managed to keep our stocks at a good level," the company said.

At Grand Metropolitan, which takes in non-priority companies like Watney Mann, Truman, International Distillers and Vintners and a hotels division, joint managing director Mr. Stanley Grinstead maintained: "We will have no major difficulties as long as the weather does not get too severe and as long as the oil allocation is not cut any further."

The brewing businesses and IDV were looking at their delivery schedules to see if they could be made more economic while the hotels had been instructed to turn down thermostats and reduce their oil and

electricity consumption.

Thomas Tilling commented: "The overall impression is that we can cope" after "certain measures" had been taken. But it was pointed out that Tilling was a diverse group, and some sections would suffer more than others. The company was unwilling to go into details.

Allied Breweries, the Ind Coope, Tetley and Angell combine, maintained: "We won't be embarrassed by the restrictions, either in production or distribution."

### Cement plants

With only three out of 30 U.K. cement plants operating on oil, cement manufacturers expect to escape the full impact of the measure.

The three plants—one is in Northern Ireland—are understood to have substantial oil stocks.

London Brick, by far the biggest British manufacturer, uses no oil on production, apart from small quantities of lubricants.

With the market for bricks somewhat depressed at the moment, the company does not expect any pile-up problems which might arise out of difficulties in shipping its output.

Hoover expects to have to cut production soon as a direct result of the oil cutback. Other companies in the electrical engineering industry hope to be less severely affected.

The industry was still confused yesterday about how the cuts will be operated. Hoover

was particularly unclear in view of the indication received by one of its factories that its supplier intends to cut deliveries to 10 per cent below the current level, rather than to 80 per cent of the level of 12 months ago.

If the base for the cutback of supplies to all its factories were set at current, rather than 12-month-old levels, Hoover could keep production cutbacks to under 10 per cent, by economising on factory and office heating, the company said. On the basis announced by the Government, however, production would have to be cut by over 10 per cent.

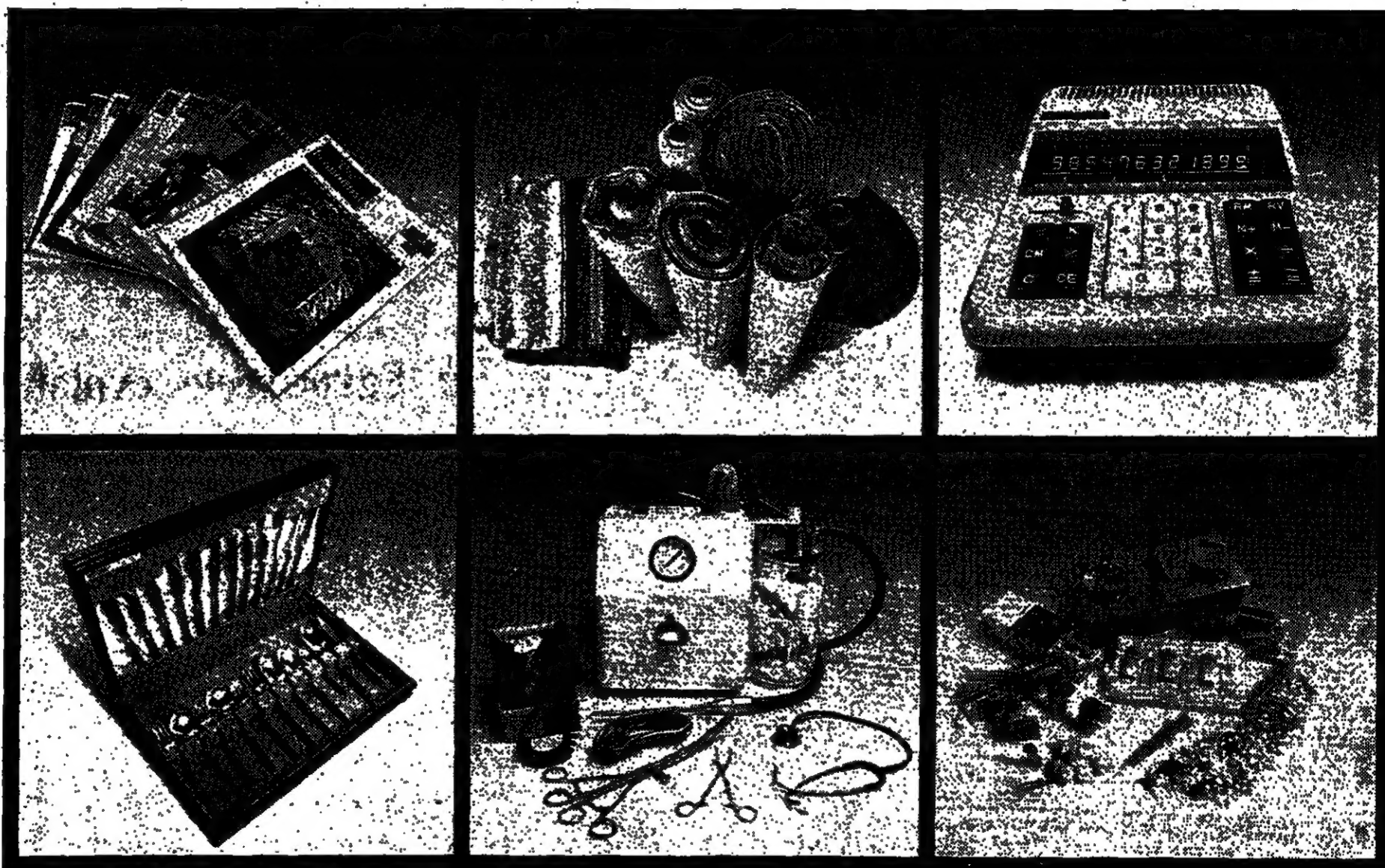
This is because capacity has been sharply increased over the last 12 months, raising Hoover's oil consumption by 8 per cent. A 10 per cent cutback on last year's deliveries would mean an 18 per cent reduction against the current level.

Several other electrical engineering companies, including GEC Power Engineering, depend less than Hoover on oil for process heating, and are therefore unlikely to be so severely affected.

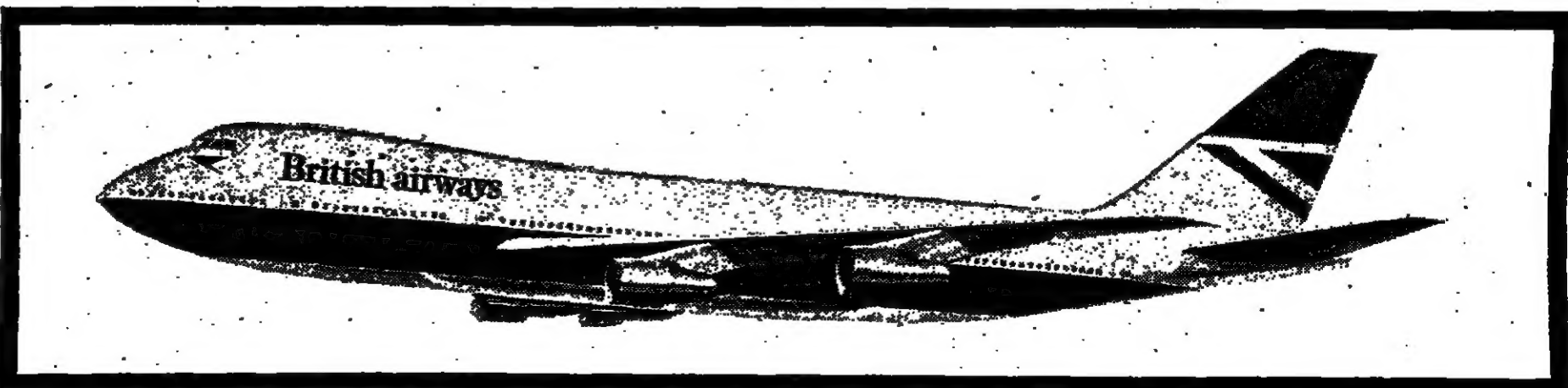
### Fuel rationing depot set up

A FORMER U.S. air force hospital at South Ruislip, Middlesex, is being turned into a fuel rationing depot by the Government. Telephones and office equipment for 200 staff are being installed.

## Time is money



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### Marine fuel oil shortage affects world shipping

JAMES McDONALD, SHIPPING CORRESPONDENT

WORLD-WIDE shortage of fuel oil is threatening to disrupt world shipping movements as a result of Arab boycotts and cut-backs on oil supplies.

A tramp shipping market, in particular, has been hit by a shortage of diesel oil and viscosity marine fuel oil.

One 50,000 dwt ton tanker is reported to have been stranded at Las Palmas fully laden. The ship, although possessing sufficient fuel oil, was unable to obtain diesel oil to operate its auxiliary machinery.

Also, a bulk carrier, bound for Japan with a coal cargo was offered only 55 tons of her necessary 1,000 tons at a Panama Canal bunker station. The vessel was forced to go towards the U.S. west coast to search for fuel.

Major shipping lines and those involved in international containerisation consortia spent yesterday trying to make sense out of their advertised sailing schedules against the background of the cutback.

A cut in scheduled services was possible according to some lines. For many of their bunkering services are vital. Overseas Containers has bunker contracts to the end of the year but is nervous in case any of them are not honoured.

Furness Withy also admitted that the "bunkering situation was becoming very difficult. There are some areas where the availability of bunkers is starting to bite," particularly in Japan, Singapore, Hong Kong, Manila, the U.S. and South Africa.

### Bill gives petrol rationing power

JOHN SOURNE, LOBBY EDITOR

ENABLING Bill giving the Government powers to ration fuel, and also to impose a "safety net" on the supply of petrol, was published yesterday by the Department of Trade and Industry. It continues in force until March 30, 1974, with provision for the extension of certain powers by Order for a further

was emphasised in Whitehall this was essentially a precautionary measure, but a decision on rationing might have to be taken fairly soon.

### Motorists

According to Ministers, the Bill is precipitating such a reaction that a warning to motorists to conserve fuel is being issued. The Government is also aware that the cutback in oil supplies from the Middle East might be cut further than so far expected, marked deterioration in oil supplies, which are claimed to be quite substantial, and the need for a further cut in oil supplies.

With an eye on the possible development of black markets, the Bill provides for up to three months imprisonment and/or a fine of up to £400 for breaches of the provisions of the Bill, but if rationing of supplies is introduced Government departments may need to increase staff by 2,000.

Attempts and acts preparatory to an offence could also carry the same penalties. The manpower requirements are difficult to estimate says the explanatory memorandum to the Bill, "but if rationing of supplies is introduced Government departments may need to increase staff by 2,000."





# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## METALWORKING

### Speeding exchange of technology

INFORMATION on the latest techniques used in the U.S. in metals processing and fabrication will be presented by American experts at a seminar to be held at the Stratford-upon-Avon Hilton Hotel on March 19-21, 1974.

The venture is being organised by International Research and Development Company of Essex, Way, Newcastle upon Tyne (NE5 2YD) and Universal Technology Corporation of Dayton, Ohio, with whom IRD is co-operating in the longer term in activities related to the advancement and application of new technologies in industry.

On the first day the topics are powder metallurgy, machinability and surface integrity. The main day will be devoted to the important topic of metal joining. Electron beam welding will be covered by Robert Will, of Grumman Aerospace, Bethpage, New York; diffusion bonding, brazing, arc and TIG welding and other bonding techniques by William Padian, materials development supervisor, Rockwell International, Los Angeles; and laser welding and metal treatment by Dr. Edward V. Locke, of AVCO Research Laboratory, Everett.

The second session of the third day will cover miscellaneous and special metals processing, the particular topics to be announced and in part governed by special requests from delegates.

## CONSTRUCTION

### Portal frame design

BARIC'S EXPERIENCE in the development of computer systems for structural engineering design applications has resulted in the company being commissioned by the Construction Steel Research and Development Organisation (Constrado) to develop the first of its recently announced computer programs to aid the steelwork designer.

The program will enable the speed and processing power of a computer to be utilised in the design of portal frames of steel buildings and to check the stability and deflections of the frames before the results are printed out.

It will be written as a sub-system of Genesys the construction industry computer system sponsored by the Department of the Environment, and will therefore be suitable for use as a normal "batch" service on most of the larger computers in the country.

The specification for this program has been prepared by Baric and is now with Constrado for approval. Programming work will commence shortly and will be completed in 1974.

### Building scene in Europe

THE U.K. is the subject of the first volume in a new series of publications describing Europe's building industries prepared by the intelligence unit of Europe Design.

The series is intended to give an initial but comprehensive view of the building industry in each country, particularly for the use of other countries. Further volumes due to be published shortly include introductions to the industries of France, West Germany, Italy and Spain.

Europe Design is a group practice founded by architects, designers and engineers in April, 1968, whose members are actively engaged in practice in their own countries and abroad. It is concerned with the social,



### Big scraper for U.K. market

INTERNATIONAL HARVESTER Company is to market in the U.K. next year its 444 PAV scraper, the first dual-engine, all-wheel-drive elevating machine with a capacity of 22 cubic yards and 50,000 lbs payload.

The 444 will tackle larger jobs under more adverse conditions of weather and grade, and its quality of work and all-round performance makes it more independent of support equipment than the big power-bowl scrapers. The elevator provides for fast loading in a wide range of materials, and an eight-position adjustment puts it at just the right distance from the cutting edge for each material.

International Harvester Company of Great Britain headquarters are at P.O. Box 25, 259 City Road, London, EC1P 1AD.

### Infill panels

THE PROBLEM of distortion through heat from the sun hitherto common to conventional foam sandwich cladding panels, is claimed to be drastically reduced with the Pandel Infill Sandwich Panel from Proctor and Lavender, Bridge Estate, Solihull, Warwickshire.

Designed for use as window infill panels for new buildings or those undergoing renovation, Pandel panels provide units specially constructed so that the structural sandwich part of the panel builds up an even temperature throughout and therefore expands evenly.

Pandel window infill panels are available in moulded texture, aggregate and tile finishes in a wide choice of colours.

### Wool fibre tiles

A FELTED mineral wool fibre ceiling tile, developed to produce a light-reflecting chequerboard ceiling effect, is now included in the Gold Bond ceiling tile range by Thermo Acoustic Products of 49 Rectory Grove, London SW4 0DU.

Suitable for installation in shops, offices, cinemas, theatre and hotel foyers, restaurants, banking halls, schools, libraries, and other commercial and industrial buildings, the tiles are composed of non-combustible mineral wool fibres.



### Automatic branding of pallets

LARGE quantities of timber pallets are lost every year as some estimates say W. H. Sh and Son, put the number as high as 500.

This has led the company design an automatic branding device which will burn an identification mark on each corner block. The company says the cost of branding two diagonals opposite blocks would be 3p, all four corner blocks 5p, pallet.

More details may be obtained from the company at Dobson Works, Diggle, near Oldham, Lancs. OL5 5NX.

### Electronics Upgrading minerals

A SPECIALIST spectrophotometer has been developed by Gunson's Sortex (Mineral Automation) to determine reflectance of single irregular particles of up to 20 µm diameter.

The particle being examined can be rotated to give 30 readings per revolution. The filters are used covering wavelengths between 400 and 1,000 nm. Indication is by means of meter or stripchart recorder. Reflectance values are expressed as a percentage of the reflectance of a white ceramic reference plate.

Principal uses are in determining whether crushed minerals such as decorative aggregate or impure materials can be upgraded optically colour-sorting technique also in selecting the filters such a process, or in deciding whether the incidence of colouration of a particle tolerable or not.

### Indicates hydrogen in steel

AN AUTOMATIC analyser, the Exhalograph EAH 202 for the rapid determination of hydrogen in steel and other solids has been put on the market by Balzers High Vacuum of Northbridge Road, Berkhamsted, Hertfordshire.

The company claims that, even in semi-skilled hands the instrument is capable of producing a result in 2½ to 3 minutes according to the size of the capsule. The measuring range is zero to 200 micrograms of hydrogen.

A graphite capsule with a lid acts both as sample container and resistance heater. After placing the sample capsule into the furnace, closing the lid initiates the automatic analysis cycle and the result is subsequently read directly from an indicating of hydrogen. Furnaces of the meter with a linear scale call Series 24 model have also been brated in micrograms of hydrogen.

### Hungary to take U.K. technology

TORVAC has sold its first vacuum furnace for East Europe. It was chosen by the Hungarian state buyer NIKEX, at a cost of £20,000, against British and overseas competition. The user will be the Research Institute of Ferrous Metallurgy, Budapest, for vacuum brazing and heat treatment for its own programme and for a subcontracting service in Hungarian industry.

Advantages are that it can be operated at temperatures up to 1,500 degrees C. and there is superfast cooling, valuable for gas quenching and for quick turnaround time, provision for a heat under gas cycle, with special features permitting the safe use directly from an indicating of hydrogen. Furnaces of the meter with a linear scale call Series 24 model have also been brated in micrograms of hydrogen.

### Metal Box builds £4m. toolroom

FOLLOWING its £85m. project for four new beverage can-making lines for the U.K., Metal announced last month. Metal Box is to build a new precision toolroom consisting about £750,000 at East Kilbride, near Glasgow.

Work on the new 3½-acre site is expected to begin next April and actual production by the spring, 1975. About 30 skilled toolmakers are expected to be employed initially. The toolroom will supply original equipment tooling to the company's Machinery Building Group factory at Shipley in Yorkshire. It will also produce replacement tooling for the company's own DWI lines and for customers.

The company's first precision toolroom in West London, believed to be the only one of its kind in this country when set up five years ago, is now overloaded. With the high capital cost equipment involved in the new can-making lines, there has to be a speedy interchangeability of tooling to make the process an economic operation. Accuracy up to a half of a ten-thousandth of an inch is required for replacement of such tools, in the field.

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The JCB 110, the world's first fully hydrostatic crawler loader in production, is a typical example of what correctly applied research and investment can achieve. A machine which has the engine at the rear for optimum visibility. A machine which is operated by single hand control. A machine with a performance of up to 40% more than competition. A machine which shows proper consideration for the operator and the environment. A machine which is reliable and easy to service. A machine which has been awarded the Design Council Award 1973 for Engineering Products.

### JCB 'Workforce to the World'

For the JCB profile write to Jim Harrison, Marketing Director, (Dept. FT3), J. C. Bamford Excavators Limited, Reccer, Staffs., ST14 5JP, England. Telephone: Uttoxeter (088 93) 3121.

### INSTRUMENTS Pressure gauge is digital

PRESSURES in virtually any units can be indicated at distances up to 3,000m. from the pressure point, or further using Post Office lines, with a gauge system now being offered by Cooper-Walker Engineering of Dunbar, Scotland. Read-out units can be supplied with characters 8.8mm or 55mm high. No special cables are required and the accuracy is claimed to be better than 0.5 per cent.

At 2 second intervals a wide pulse and a train of narrow pulses is sent over the line. The number of narrow pulses is directly proportional to the pressure to be indicated. The digital readout contains a counter which is set to zero by the wide pulse and then counts the narrow pulses. The leading edge of the next wide pulse transfers the number from the counter to the display.

The system is supplied as a package and can be installed by electricians.

### Tide depth gauge for safer navigation

THERE IS an increasing need for reliable and accurate measurement of tidal variations over the continental shelf, not only in the interest of basic scientific research, but also from more applied research related to the navigation of large vessels in shallow seas and operational flood warning systems.

The Bidston Observatory of NERC's Institute of Oceanographic Sciences has designed an off-shore tide gauge system that aims to measure simultaneously major perimeters with an accuracy of at least 0.01m in 200m (5 parts in 100,000). Capable of recording up to 20 channels of information for 40 days or more, it incorporates a flexible data logger developed by Marconi compatible with most available sensors. Twenty input channels accept either frequency or analogue information and output is recorded on magnetic tape in a computer-compatible format. Shipborne tests check the system before deployment and a telemetry link from the system to the vessel monitors performance both during deployment and on the sea bed.

The complete system comprises a number of self-contained sensor packs, the data logger and peripheral equipment mounted in an aluminium sub-frame which is further protected during deployment by a heavy steel frame. An acoustic command system is fitted for location and transmission control.

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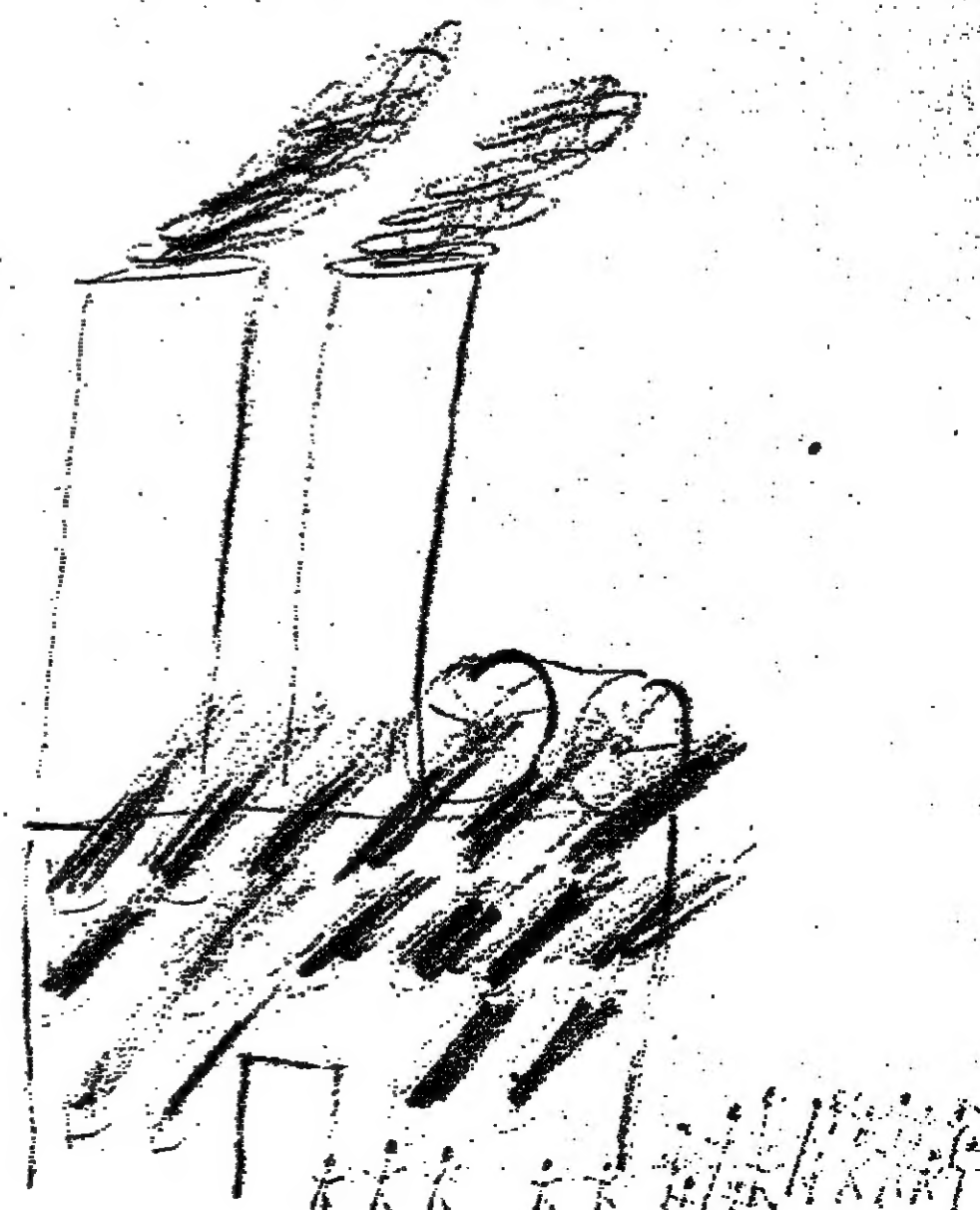
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THE PRICE OF GROWTH, CRITICS TOLD

# 'London breakdown' claims rejected

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT last night rejected Opposition accusations in the Commons that London's public services—notably transport, housing and education—were reaching the point of breakdown.

Amid noisy interruptions from the Labour side, the Government's front bench spokesman, Mr. Dudley Smith, Under Secretary for Employment, maintained the problems were the price of growth and of reducing unemployment.

Emphasising the need for the observance of Stage Three of the counter-inflation programme, the Minister told MPs the Pay Board had been asked to look speedily at possible action on the question of London allowances that could be permitted under the Pay Code.

He warned the House, however, that this sort of differential could only be small.

As Labour MPs denied his defence of Government policy, Mr. Smith called on the Labour-led Greater London Council, to "stop playing politics" and co-operate with the Government.

Attacking the Government when he opened the debate, Ronald Brown, Opposition Front Bench spokesman, said: "Like Nero, they fiddle while London is virtually being brought to a standstill."

The assurance motion he moved criticised the Government "for allowing the essential public services of the capital city to deteriorate to the point where they are now reaching breakdown and are causing grave hardship to the population of Greater London."

"Crisis point"

Mr. Brown said the desires of Londoners were not absurdly high. They wanted a home for their family, a job, good transport facilities, a decent education system, adequate hospital facilities, a happy environment and an efficient police force.

The housing position became worse daily. "Not only are fewer houses being built in accordance with Government policy, but those that are built are costing a fortune."

It was impossible to buy a house in London for less than £12,000 and virtually impossible to recruit and keep staff in public services. "Public transport staff shortage is at crisis point."

"Yet all the Prime Minister can do is to be rude and offend."



Mr. Dudley Smith

sive to the Leader of the GLC last night and saying "We are not solutions. We need urgent action from the Government."

The education service in London was "close to breakdown." There was a shortage of 250 full-time and 275 part-time teachers. A total of 26 schools were working part-time and another ten were expected to join them soon.

"The absurd situation of the Education Secretary sitting on the sidelines, wringing his hands and saying 'We are not solutions' while her representative on the Burnham Committee blocks every attempt to improve the situation is little short of scandalous."

"Perhaps the most frightening aspect of the situation is that it is already known that next term, due to additional shortages arising from resignations, some schools might collapse."

Speaking of hospital staff shortages, Mr. Brown said there was increasing evidence of the "teething" of agencies who paid wages far in excess of anything the hospital service could pay.

"Little wonder staff are becoming cynical at this unacceptable state of Government policy."

There was also a deficiency of 3,800 postmen and the number was still going down.

Mr. Dudley Smith, Under Secretary for Employment, said public services were facing staffing difficulties in London and other cities. "It is an endemic problem in New York, London, and a big problem in Glasgow and Liverpool."

It does not help these public services, or the public, or contribute to a proper understanding of the situation, to suggest they are virtually on the verge of breakdown. They were not.

There were two notified vacancies in the London area for every unemployed person. It was broadly correct to say that London Transport were not more short of staff than other main employers.

In the hotel and catering sector there were as many vacancies in 1966 when unemployment was even lower. "This is the price of growth. It is the price of getting unemployment down."

Turning to pay and incomes, Mr. Smith said: "I don't believe, even if pay in the public services were to be used to the levels prevailing in other employments, it would be easy, or even possible, to get all the staff wanted."

One of the biggest stumbling blocks to meeting his terms, Mr. Smith said, was the "unusual and difficult hours." "If there were no pay policy, rates would be up all round in a general scramble," he said.

Public employees would not have best. Employees would not gain because the consequent inflation would soon swallow up their bigger pay packets.

"Fairness"

Speaking above noise from the Labour benches, Mr. Smith said: "The Government cannot and will not give way to special cases under Stage Three. There is no end to special cases. Everyone and everything becomes a special case."

Did the Opposition want a squeeze and freeze like 1966? "We intend that the present income policy should be fairer for all than that."

Responsibility in the longer term for using manpower effectively and economically came back to public bodies and unions, "although the Government was prepared to play its part."

There were problems in running the economy at a high level—"the problems of success." He called on the Greater London Council to "stop playing politics and get on with the job and co-operate with us."

London's problems, such as housing, should be strongly looked at in the long term. Officials had been urged to study evidence and consider action.

A "TIDYING UP operation" on various aspects of VAT is contained in new regulations laid before the Commons yesterday.

One of the changes marks a victory for those who had criticised the powers given to the Commissioners of Customs and Excise to "levy distress"—that is to seize goods where payment of VAT had not been made.

As the regulations stood it was legally possible for the Commissioners to take this action even though the person owing the tax had already appealed to a VAT tribunal against the assessment.

This had caused considerable disquiet in spite of the fact that the Commissioners had promised the powers would be used with discretion and that no such seizure had been made.

The regulations have been amended to provide that such action cannot take place during the period of the right of appeal to a tribunal.

Several changes of a technical nature are contained in the amendments. They deal with the treatment of partly exempt persons as fully taxable, claims from relief from VAT incurred before registration, regulations affecting companies who manufacture both for the domestic and export market.

The changes are contained in the Value Added Tax (General) (Amendment) (number 2) Regulations 1973.

Land Registry Bill given Second Reading

IT WAS astonishing that after more than 100 years the process of land registration in England and Wales was still very far from complete, Lord Hailsham, Lord Chancellor, said in the Lords.

He was opening a debate on the Second Reading of the Land Registry Bill. A Lords measure, it reorganises the Land Registry as an independent public authority with a legally qualified Chief Land Registrar as chairman. The Bill applies to England and Wales only.

Lord Hailsham said the Land Registry first came into being in 1862 and the state of the law had been considered as late as 1922.

In 1973 there were still about 37m. people in England and Wales who lived in areas not covered by compulsory registration. He hoped next March to reduce this figure by another 2m. by an Order he had recently made.

The new system of land registration made conveyancing simpler and cheaper. There was no need for law practitioners to learn any new methods, Lord Hailsham recommended the Bill because it provided for the smooth expansion of land registration.

For the Opposition, Lord Gardiner said: "First, I think this is a silly Bill but I could not put my hand on my heart and say if I were still in the Lord Chancellor's place I should not be introducing the same silly Bill myself."

When he had been Lord Chancellor he had been forced to stop the expansion of the Land Registry when the Labour Government, after devaluation, cut back on the numbers of Civil Servants.

In place of this he would insert in the Bill simply: "Any promise by the leader of any political party about future numbers of civil servants shall not apply to civil servants in the Land Registry."

The Bill was given an unopposed Second Reading.

Channel rail tunnel Bill

THE Channel Tunnel Bill, for the construction and operation of a railway tunnel system under the English Channel, was introduced in the Commons and given a formal First Reading.

The financial burden of safety improvements would prove too much for many clubs. Only 22 professional league clubs in England made money. The others struggled along with lottery schemes.

The Government should make adequate provision for helping in the financing of the improvements. The safety of spectators must be the overriding concern, but he wanted to see the game go on and the sport flourish.

Lord Westwood (C) who is chairman of Newcastle United and a Football Association councillor, said clubs welcomed the plans for licensing and the safeguarding of the public.

However, the financing of any improvements would be a problem for most. There would have to be some uniformity of standards imposed by local authorities.

On appeal, decision should not be left to one person appointed by the Secretary of State, but should be in the hands of a tribunal which should include representatives from the police, a planning architect, and other bodies concerned with crowd control.

Lord Westwood said that with a figure of 283.7m. spectators attending football games in England during the last 10 years it was amazing that there had been no disasters other than the one at Ibrox in 1971 and at Bolton in 1946.

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The financial burden of safety improvements would prove too much for many clubs. Only 22 professional league clubs in England made money. The others struggled along with lottery schemes.

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## New Canadian bid to sell heavy water type reactor to U.K.

BY DAVID FISLOCK, SCIENCE EDITOR

A FRESH Canadian bid to persuade the British Government of the advantages of an Anglo-Canadian collaboration in the heavy water type reactor is to be made early next week.

Mr. J. Lorne Gray, president of Atomic Energy of Canada, the Crown company designing and building the Candu reactor, expects to see leading Government and nuclear industry officials—possibly including Mr. Peter Walker, Secretary for Trade and Industry—in London on Monday.

The Canadian case will be that with the Candu reactor it comes closer in terms of commercial experience, to an "off-the-shelf" concept than any vendor of the U.S.-type of light water reactor can claim.

The Central Electricity Generating Board has indicated that it would be willing to order a series of six twin-reactor nuclear stations, each of 2,400 MW capacity, at a cost of about £2,000m. It offered off-the-shelf reactors to strict guarantees of performance, delivery and price.

It believes that Westinghouse Electric would be prepared to support guarantees for such a Candu reactor under construction.

Capacity factor

The owner, Ontario Hydro, claims a capacity factor for this station one-third greater than the average for U.S. light water reactors in operation—51.5 per cent. for the period December 1971 to September 1973, compared with 58 per cent.

Another outstanding aspect of Pickering was the speed with which the reactors achieved their full power—a few weeks after completion in the case of the third and fourth reactors, where nuclear stations have typically taken many months.

Ontario Hydro has a 3,000MW station, composed of four 750MW Candu reactors, under construction at Bruce, the first reactor of which is scheduled to be completed in 1976. The station also announced its intention to build another 2,000MW station at Pickering, another 3,000MW station at Bruce, and a station at Darlington, Ontario.

The basis of a previous proposal for Anglo-Canadian collaboration in 1972 was that the Canadian experience of installing and operating a heavy water reactor, despite the size of its engineering team—would be made available to Britain. This would either for the Candu reactor or for Britain's own similar pressure tube reactor (SGHWR). The main difference between the two is that the Candu reactor is a "natural" uranium system, while the SGHWR is an enriched uranium system.

In return for the joint Anglo-Canadian experience, project management, and technical support, Canada would provide its own nuclear power programme and for its own nuclear power programme.

U.K. plan for Philip Morris

PHILIP MORRIS, the tobacco company, is building its first U.K. factory at S. Normanton in North Derbyshire. The factory, which will cost £10m, will create 150 new jobs and produce 100,000 cigarettes a day for the British market.

Philip Morris said in the statement that it was planning to produce 100,000 cigarettes a day in Britain. At present, the market is supplied from the U.S. and the U.K. market.

At the time of the company's announcement, Morris said the planned factory would supply both the U.K. and European markets.

Tourists up 8% in month

ABOUT 84,000 tourists, from 110 countries, arrived in the U.K. in September, a 8 per cent. increase on September 1972, according to the Department of Trade and Industry. The figures, which exclude Republic and Commonwealth visitors, show that arrivals in the U.K. in the first 10 months of the year were up 10 per cent. on 1972.

For the fourth month, the number of U.S. visitors was up 8 per cent. on the previous month.

RESTORED GRAVE PITTS WIN AWARD

The Sand and Gravel Association (SAGA) this year awarded the record number of 27 prizes for meritorious restoration after use of worked-out pits.

INTERIM STATEMENT

ROBERTSON FOODS LIMITED

Makers of GOLDEN SHRED

Unaudited results for the half year to 30th September 1973

	Sept. 1973	Sept. 1972
Group Turnover	2,000	2,000
Group Profit before Interest & Tax	14,831	12,217
Group Profit after Interest & Tax	801	867
Group Profit after Interest & Tax	253	459
Ordinary dividend (gross equivalent)	1.5p	1.5p
Earnings per Ordinary Share (Nil Distribution Basis)	2.81p	4.44p

The comparative figures include the turnover and profit of Parry S.A. (French subsidiary) from its acquisition on 1st January 1973.

The government policy of intervention referred to in my last statement had severe repercussions. Delays of up to three months in implementing price increases under Stage 2 to cover unprecedented rises in costs coupled with non-allowable productivity offsets, have considerably reduced U.K. profits. In addition, the financing of substantially increased values of stocks at high interest rates have reduced profits significantly.

The policy of seeking diversification abroad, which is still continuing, has been justified by the company's latest acquisition, Parry S.A., earned record profits at the half way stage and with good prospects of further improvements.

The prospects for the second half of the year are more encouraging but it is difficult to be optimistic about profits during Stage 3. Sales volumes are being more than maintained and with further diversification anticipated the future, the company should have a strong base from which progress.

BSC promise over Durham fluorspar plant

TALKS BETWEEN the British Steel Corporation and Durham County Council plans for a fluorspar crushing plant in Weardale are expected to result in recommendations to the Department of the Environment early next month.

BSC's proposals, which are supported by Weardale Council, were announced for approval by a Government inspector who conducted a week-long public inquiry. But Mr. Rippon, the Environment Secretary, asked for further talks between BSC and the county planners on the use of the plant as an alternative to the BSC site at West Blackdene.

Mr. Wilf Hume, Weardale council clerk, said yesterday that the new submissions by BSC and the planners would be made to the Department of the Environment early in December.

## Changes in VAT seizure powers

BY DAVID FISLOCK, SCIENCE EDITOR

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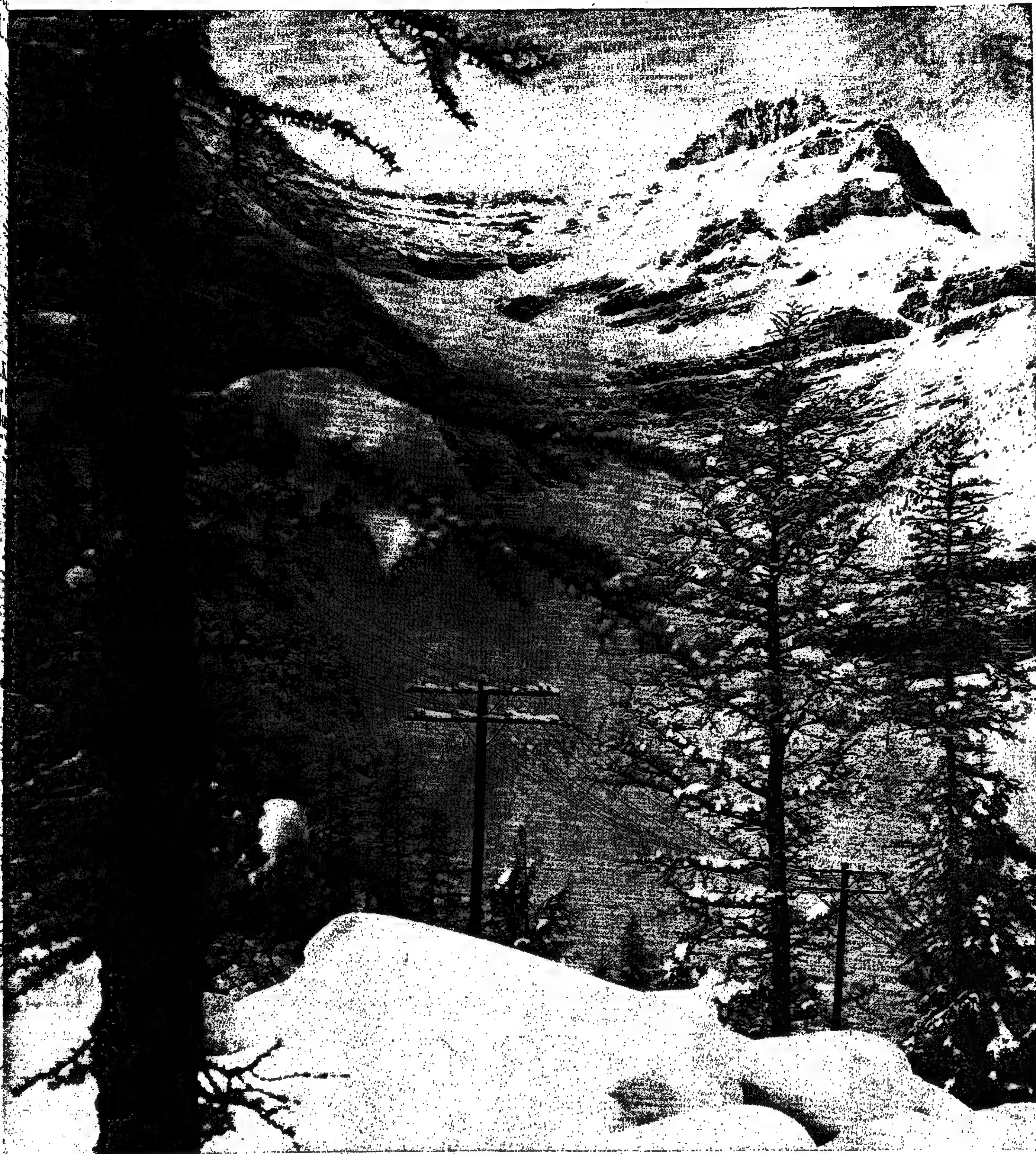
Mr. Wilf Hume, Weardale council clerk, said yesterday that the new submissions by BSC and the planners would be made to the Department of the Environment early in December.

## Petrol ration powers in new Bill

POWER TO introduce petrol rationing is included in the Fuel and Electricity (Control



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## Ever wondered how the Mountie gets his man?

The middle of Canada in the middle of winter isn't the best place to have to hunt someone down.

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And we keep on improving it year in, year out by pouring over 36 million dollars into research and development. That's a lot of dollars... but one thing it means is that when a Mountie picks up a telephone in the middle of nowhere it'll work—and fast. After all isn't that what a telecommunications system is all about?

Northern Electric's turnover is more than 600 million dollars a year. It's one of the world's great telecommunications companies, making the world's most advanced computer controlled electronic exchange systems, and everything that, in 50 countries, is making the telephone a trusted servant.



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# CEGB looks at Suffolk site for nuclear station

BY CHRISTOPHER LORENZ

THE CONTROVERSIAL Ministry of Defence research establishment at Orford Ness, Suffolk, may become the site of a nuclear power station, the Central Electricity Generating Board revealed yesterday.

The Board is to check the site's suitability, and it will be at least a year until this probe is completed. If the CEGB decided the site were suitable, it would apply for planning consent. It has promised that this would happen only after local consultations.

The attraction of the site is its distance from large population centres, its proximity to water, and its size (it could accommodate a power station of 5,000MW or more, much larger than any of the stations under construction or on the drawing board).

In advance of the Government's decision on the CEGB's attempt to install a series of American light-water reactors, the Board is saying nothing about the type of reactor it

would envisage for Orford Ness. One of the major tasks of the investigation is to assess the transmission requirements of a station on the site and to see how they can be met with the least impact on the countryside.

Apart from the four advanced gas-cooled reactors (AGRs) under construction, the Board has only one firm planning consent for a nuclear station. This covers reactivation of an old plan to build an AGR at Sizewell, Suffolk.

Earlier this year, the CEGB put in a multi-purpose application for Sizewell, covering all the other types of thermal reactor systems now under review. The Government has not yet given a ruling on the application.

Orford Ness was in the headlines several months ago when it was revealed that falling U.S. military interest in the research establishment had prompted the Ministry of Defence to decide to run it down.

## Barbican Arts Centre cost leaps to £33m.

By Michael Thompson-Nood

THE CITY Corporation's latest estimate of the final cost of Barbican Arts Centre is £33m. This compares with a 1971 estimate of £16.7m, possibly rising to nearly £20m.

The Corporation's determination to press ahead with work on the centre was confirmed yesterday by Mr. George Vine, chairman of the Barbican Committee.

At a meeting designed to explain the technical complexities of building the centre—some experts believe it will be more difficult to build than Sydney Opera House—Mr. Vine said: "It should be no surprise that because of inflation in building costs since 1972 the cost of construction has increased."

He added: "We are committed to building the Barbican. Our energies are now directed at getting it finished as soon as possible." The main contractors are John Laing Construction.

The Barbican Arts Centre, which is hoped will be working by 1977-78, will incorporate a 1,500-seat theatre designed for the Royal Shakespeare Company; a 2,000-seat concert and conference hall which will be the home of London Symphony Orchestra; a cinema and lecture hall; a new building for the Guildhall School of Music and Drama; premises for the City Lending Library and an art gallery and open-air sculpture court.

## Drumbeie plan probe told of job hopes

By Our Own Correspondent

BALMACARA, Nov. 20. AN ECONOMIC consultant told the Drumbeie public inquiry today that 850 to 1,000 jobs would be created in the area of Lochailich peninsula, Ross and Cromarty, if the Secretary of State for Scotland agreed to the concrete oil platform project.

Mr. Geoffrey Cox, of Economic Consultants, which was retained by the Department of the Environment for studies on the Channel Tunnel and Manlin Airports, gave evidence for John Woodrow Construction. He detailed direct employment prospects, spin-off and multiplier effects on the scattered West Coast island communities adjoining the proposed oil platform.

Depending on local business enterprise, up to £400,000 per year would be spent by the companies for local support services. But Mr. Cox cautioned that the planned 10-15 year life of the platform yard could have a limiting effect on local business development.

An extract from Operation Counterdrift—a Highlands and Islands Development Board register of people employed elsewhere in the U.K. who sought jobs in the Highlands area—was introduced in evidence by Mr. Michael Mann QC for Taylor Woodrow.

Mr. Cox said his studies of the economic impact of the project included statistics from the register, which showed that 1,130 engineering workers and 968 construction workers were listed as seeking work.

Mr. Cox will continue to give evidence to-morrow on the national economic implications of the multi-million pound project.

**CARBON-FIBRE SHAFT ORDERS TOP 2,500**

Orders for Britain's first mass-produced carbon-fibre shafts, manufactured by Potbury and Harvey, have topped 2,500 since it was introduced at the end of June.

The shaft is 50 per cent lighter than conventional steel shafts, and can improve the drive of an experienced golfer by up to 25 yards.

Mr. Newey said that Dr. Shuse also concluded that, as a result of the fire, the Galvestos wall was subjected to intense heat which caused the surface to buckle and emit vapours which ignited and burned.

The heating on one side caused the buckling and the buckling on the other side. The pattern was consistent with the fire having been transmitted upwards and sideways inside the cavity between the Galvestos and the lining material.

Flames reached the Orogilas on the roof and south-facing wall which ignited immediately and burned. The lining material between the Galvestos wall also began to burn.

Fire then spread to floors and fittings of the terrace floors and in due course throughout the building.

The inquiry has been told that the fire in the golf hut was unintentionally started by three boys while they were trying to light a match.

By-law

Mr. Newey spoke of a Manx by-law requiring the walls of the holiday complex to be non-combustible and fire-resistant for two hours. He said it would apply to Summerland unless action was taken by the local authority to waive the legislation.

He also read a letter requiring fire stoppage material at the junction of walls with floors, ceilings and other walls.

Later, Mr. Newey read a letter concerning the conception of the Summerland idea by Mr. J. Phillips Lomas, a Douglas architect, who envisaged an entertainment centre in a building so large that people would have the illusion of being outside. Another document described the scheme as creating an area where the sun always shone and where the weather could be guaranteed.

Mr. Newey spoke of a "clear warning" from the American manufacturers of Orogilas that a sprinkler system should be installed as a fire precaution when a large area of Orogilas was being used.

He said that Robam and Hass, civil servant, had holidays worth £1,000 a year all paid for by John Poulson, the former international architect, a court was told yesterday.

Mr. John Cobb, QC, prosecuting the two men on conspiracy and corruption charges, said Poulson and his family spent a two-week Christmas holiday in the Swiss Alps in 1964.

Mr. Cobb told Leeds Crown Court that the bill was £553, and the holiday was at the expense of Poulson.

Poulson also had a summer holiday in Italy, and the £457 bill was paid by Poulson.

Mr. Cobb asked: "What would be going on through your mind remembering Mr. Poulson is a highly intelligent man, being given £1,000 worth of holiday in one year by a man you first met on March 14, 1963?"

He added: "We are committed to building the Barbican. Our energies are now directed at getting it finished as soon as possible."

## Poulson paid over £1,000 for civil servant's holidays—QC

One of the schemes he evolved was a district heating project where all the buildings in the holiday complex would be heated from one central unit.

Poulson's bill for this particular item was £169,700 but Shill—who was to provide the scheme—decided they were not prepared to spend more than £102,000.

By the end of September, 1965, Poulson was under serious attack from the Board of the Cairngorms Development Company which was promoting the holiday centre. And

Mr. Cobb then spoke of a memo written by Poulson to one of his employees who was due to attend a meeting in connection with the holiday village project.

In the memo, Poulson suggested that it should be "dropped casually" that Reginald Waulding, former Home Secretary, was chairman of Construction Promotions, a Poulson company.

This, said Mr. Cobb, was specifically for the ears of Mr. Harry Vincent, managing director of Bovis, builders of the project.

Mr. Cobb charged that between April 1963 and May 1965, in that they conspired together that Poulson should corruptly make use of Poulson's corruptly received gifts and considerations made for the purpose of influencing the conduct of Poulson in relation to and by virtue of Poulson's employment by the Crown.

Poulson is charged that between April 24, 1964 and May 22, 1964, he corruptly gave or agreed to give Poulson a suit and overcoat valued at £167 as an inducement or reward. Poulson is accused of accepting or agreeing to accept the gift.

Poulson, between November 1, 1964, and January 22, 1965, is accused of corruptly giving or agreeing to give Poulson a holiday in Switzerland valued at £633, for Poulson and members of his family. Poulson is charged with accepting or agreeing to accept the gift.

Poulson is further charged that between February, 1963, and February, 1966, he corruptly gave or agreed to give Poulson a Rover motor car, or the use of the car, as a reward. Poulson is accused of accepting or agreeing to accept the gift of the car procured for him by Poulson from Rovergar Services, as an inducement or reward.

Mr. Cobb charged that between April 24, 1964 and May 22, 1964, he corruptly gave or agreed to give Poulson a cheque for £1,500 as a reward for showing favour to Poulson in relation to affairs of the Scottish Development Department. Poulson is accused of accepting the gift.

Poulson is charged that in August, 1968, he corruptly gave Poulson a cheque for £2,000. Poulson is accused of accepting the gift for showing favour to Poulson in relation to affairs of the Scottish Development Department.

Poulson is charged that between July 20, 1965 and April 5, 1972, he corruptly made a gift to Poulson, namely a Rover motor car, or the use of the car, as a reward. Poulson is accused of accepting or agreeing to accept the gift of the car procured for him by Poulson from Rovergar Services, as an inducement or reward.

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## The charges

● POULSON and POTTINGER gave or agreed to give Pottinger

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## Scottish surveys company launched

BY CHRIS SAUR, SCOTTISH CORRESPONDENT

EDINBURGH, Nov. 20.

FORMATION of a new Scottish company—Sea and Land Surveys—was announced today. The company, based in Glasgow, will undertake high-speed land and seabed surveys for local authorities, oil companies and property developers.

With a capital of £10,000 the company is backed by R. J. MacLeod, the Scottish civil engineering group. It has invested about £20,000 in electronic surveying equipment manufactured largely in Switzerland.

Mr. R. J. MacLeod, a director of the civil engineering group, backed the company with Mr. Tom Logan, an experimental officer at Strathclyde University who has been working on new

surveying methods designed to cut field-work by about half. Sea and Land Surveys aims to operate up to five field crews and hopes to achieve a turnover of more than £100,000 within a year.

Mr. MacLeod said that during the next decade more surveys would be undertaken than at any time previously. From the oil industry the principal demand would be for surveys of pipeline routes, rig and platform locations and offshore terminals and jetties.

In addition, local authorities and port authorities were now responsible for hydrographic work which was previously undertaken by the Navy.

EEC membership 'will benefit' U.K. cold-rollers

FINANCIAL TIMES REPORTER

BRITISH COMPANIES which prepare standardised steel structural and building components, claddings and storage systems by cold-rolling will gain "significant business" in the Common Market, according to Mr. John Johnson, the new president of the European Committee of Section Rollers.

Mr. Johnson, managing director of Metal Sections, a Tube Investments company, is the Englishman to be the committee's president and has just returned from the committee's fourth European congress in Vienna.

He claimed the higher volume producer of standardised cold-roll former products would benefit most from EEC membership, but warned that, in spite of tariff cuts, there would not be

much of an increase in export-import activity involving smaller, specialised items.

Mr. Johnson also spoke of the differences in executive and skilled salaries throughout the Community's cold-roll forming industry, and suggested these could cause migration problems, especially for the U.K. While the average salary of senior manufacturing executives was £12,500 in Germany, for example, it was only £8,000 in Britain.

**LEEDS COURSE ON MENTAL HEALTH**

A new Master of Science course in mental health social work, at Leeds University, will be the first advanced and specialist course in the mental health field designed specifically for social workers.

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## Inquiry to see films of Summerland blaze

A HOLIDAYMAKER'S movie film taken during the Summerland leisure centre blaze on the Isle of Man in August 1972 is shown to the three-man commission inquiring into the disaster in which 50 people died.

The commission will see the film and others, including a professional photographer's after-to-morrow's hearing at Douglas, Isle of Man.

A Manx government official said it was thought the films would be of great value to the inquiry, particularly in providing evidence about the rapid spread of the fire.

At yesterday's hearing, Mr. John Newey, QC, referred to an examination by Dr. Frank Skuse of the Home Office North-West Forensic Science Laboratory. His conclusion was that the fire started in a plastic mini-golf hut when it had been close to a wall of Galvestos—corrugated steel sheeting with a coat of fire-resistant material.

The inquiry has been told that the fire in the golf hut was unintentionally started by three boys while they were trying to light a match.

By-law

Mr. Newey spoke of a Manx by-law requiring the walls of the holiday complex to be non-combustible and fire-resistant for two hours. He said it would apply to Summerland unless action was taken by the local authority to waive the legislation.

He also read a letter requiring fire stoppage material at the junction of walls with floors, ceilings and other walls.







## DTI REPORT ON PERGAMON PRESS AND MAXWELL'S REPLY

## 'Main responsibility lies with Mr. Maxwell'

BY NICHOLAS OWEN

FOUR YEARS after starting their investigations into Pergamon Press and its former chairman, Mr. Robert Maxwell, the two inspectors appointed by the Department of Trade and Industry state bluntly in their final report: "We have no hesitation in attributing the primary responsibility for the rise and fall of Pergamon to Mr. Maxwell."

The inspectors—Mr. Owen Stable, QC, and Sir Ronald Leach—having probed deals between the public Pergamon group and Maxwell family interests, charge that the "real purpose" behind the transactions was to boost Pergamon profits in order to increase the stock market value of its shares.

They consider that Pergamon's reputation as a "growth stock" could not have been maintained without the deals in 1968. Pergamon made an abortive bid for News of the World; the following year it was the subject of an offer from the American Leasco group, which ended with Mr. Maxwell's dismissal, Leasco having 38 per cent of the capital, and Pergamon's share quote suspended.

The inspectors comment "that it is a stark reflection of Mr. Maxwell's stewardship" that on the termination of trading with his family interests, Pergamon had to write off £1,166,000 on debts due from these businesses. When Mr. Maxwell was ousted, Pergamon, though short of liquid resources, owed over £1.5m. to private companies controlled by Mr. Maxwell or in which his family had an interest.

It is alleged that "the most far-reaching agreement" that Pergamon entered into was one with the American Maxwell Scientific International Inc.—owned by trustees for the benefit of Mr. Maxwell's sister and her children— involving reprint rights valued at £1.6m. in return for a 10 per cent royalty. Yet the terms of trade were not given in Pergamon's accounts. Neither were shareholders informed that one-third of Pergamon's 1968 profit before tax of £2.1m. was derived from sales "and prospective sales" of back issue journals—a trade carried on with two Maxwell family companies.

Chalmers Impey, Pergamon's auditors, "should not have been satisfied by Mr. Maxwell's ever-ready explanations," say the inspectors. "They failed to rumble him."

The final report acknowledges that earlier criticisms of Mr. Michael Pickard, a British Printing Corporation director who negotiated with Mr. Maxwell over International Learning Systems Corporation, was over-stressed "in the light of our present knowledge of Mr. Maxwell's business methods, his dominating personality and his ingenuity."

Mr. Maxwell himself hits back at the inspectors in a point-by-point refutation of their allegations, which he calls "baseless." He counter-charges them with "unfair conduct of the inquiry."

He notes that one "major error in the inspectors' calculations" is acknowledged. Mr. Maxwell claims that in the light of their refusal to correct three other "very obvious errors, how can anyone have any confidence in the accuracy and fairness of their opinions and conclusions in their reports?"

to December 31, 1966 and by approximately £50,000 in the year to December 31, 1967.

(i) that the profits of Pergamon in the year to October 31, 1965 were boosted by £130,306 by means of an invoice raised against M.S.I. Publishers for books which were to be delivered in subsequent periods on a no charge basis.

(ii) that the profits of Pergamon in the year to December 31, 1967 should have been reduced by the equivalent of \$103,436 as a result of a price reduction negotiated in November, 1967 between M.S.I. Inc. and Pergamon in respect of sales which had taken place earlier, but Pergamon avoided making the reduction in its accounts by entering into other transactions with M.S.I. Inc. which involved further no charge invoices.

## Prospectus in U.S.

(i) that some of the information contained in the United States prospectus of P.P.I. dated August 15, 1968 should have been given to the shareholders of Pergamon at an earlier date.

(ii) that Pergamon's offer document dated July 9, 1964 should have disclosed P.P.I.'s trading relationship with Pergamon.

(iii) that the circular letter to the shareholders of Pergamon dated January 18, 1965 which informed them of Pergamon's acquisition of P.P.I. and the reasons for it should have disclosed that 68 per cent of P.P.I.'s total net assets were derived by way of commissions from Pergamon.

(iv) that if on the date of the circular letter it was intended that P.P.I. should not be reimbursed immediately for the stock sold on open account, a Maxwell family company, disclosure of the intention should have been made in the circular.

(v) that the contents of the notes to the P.P.I. accounts for the year ended October 31, 1965 should have been disclosed in Pergamon's accounts for the year ended October 31, 1965.

(vi) that the interposition of a Maxwell family company was a contrived device to write down in Pergamon's consolidated accounts for 1965 the unsold stock of Pergamon books in the U.S. to a figure below that at which they had originally been sold by Pergamon;

(vii) that full disclosure of the arrangements with the Maxwell family company on the termination of the Macmillan contract and their effect should have been made in the accounts of Pergamon for the year ended October 31, 1965, particularly as to the termination of this apparently beneficial contract was given some six weeks after the public issue in July, 1964.

(viii) that the Chairman's state-

ment in the 1965 accounts in which he referred to "considerable administrative problems" was a gloss.

(ix) that the position regarding sales of Pergamon's products in the U.S. should have been set out in Pergamon's offer for Butterworth in a less potted version.

(x) that we suggest that the Stock Exchange should consider requiring that in future previously undisclosed information given in prospectuses of subsidiaries of publicly quoted companies should be simultaneously disclosed to shareholders of the holding company if it is material to an understanding of the group's affairs.

(xi) that the proposed alteration in P.P.I.'s by-laws in June, 1969, was not considered by the Board of Pergamon prior to the appointment of Mr. Maxwell and Mr. Clark as proxies for Pergamon.

incurred a net write-off of £1,166,000.

(i) that at the time of Pergamon's application for a Stock Exchange quotation Mr. Maxwell was one of the principal sources of information regarding the causes of the collapse in the mid-1960s of Simpkins-Manshall.

(ii) that it is too easy for directors of a company which has failed to meet its liabilities, financial or otherwise, to set up a new company or to be appointed to directorships in other companies.

U that our first report was more critical of Mr. Pickard than was justified in the light of our present knowledge of Mr. Maxwell's business methods, his dominating personality and his ingenuity, and that more was read into paragraph 23 by some of those who commented on the report than was justified in the light of what we actually wrote in paragraph 23.

The inspectors state: In the document appointing us to investigate the affairs of Pergamon we were specifically asked whether, in our opinion, the members of Pergamon had been given all the information which they might have reasonably expected with regard to Pergamon's transactions with M.S.I. Inc. In our opinion the answer to that question is "No."

But we go further. In our opinion there was a serious lack of disclosure in the accounts regarding not only Pergamon's transactions with M.S.I. Inc. but also regarding the general nature of the transactions with the Maxwell family companies and of their bearing on the accounts of Pergamon. We believe that insufficient information was given to the shareholders of Pergamon regarding the extent to which their investments depended on transactions with the Maxwell family companies.

their conception but also in the treatment in the accounts. I seized many opportunities creating "instant profits" at the fullest advantage of a fact that accounting standards the time these transactions took place were to some extent undefined.

Mr. Bennett said that a Maxwell was expert in a delayed transaction. By this we assume that Mr. Bennett meant that Mr. Maxwell was expert in anticipating profits and deferring expenditure. On this assumption we accept the assessment of a Maxwell's expertise.

The policy adopted Pergamon of invoicing amounts to related companies—and poll we are convinced it was—provided a flexibility in reporting profit which in our experience is unique. We have no hesitation in attributing the primary responsibility for the rise and fall of Pergamon to Mr. Maxwell.

We have concluded that in our opinion there were material facts affecting the published accounts of Pergamon from and including those for the year to October 31, 1965 to and including those for the year to December 31, 1967 which, if disclosed, would have affected the accounts and which we consider unjustified; with hindsight we are not satisfied that any of these accounts gave a true and fair view of the affairs of Pergamon.

We are driven to the conclusion that Chalmers Impey should have been satisfied by a Maxwell's ever-ready explanations, and that they failed to rumble him. We are also critical of the fact that when they ought to have appreciated that the directors had ignored their views on the audit relationship between Pergamon and related private companies which they expressed their letter dated February 1966, they failed to ensure that shareholders were informed of the existence and extent of such trading between Pergamon and the Maxwell family private companies.

## The real purpose

Having now investigated a large number of transactions between Pergamon and the Maxwell family private companies, we have come to the conclusion that until the Leasco deal founded the real purpose behind the transactions on which we have reported was to increase the value of Pergamon's shares in the stock market.

The Pergamon saga and Pergamon's reputation as an exceptional "growth stock" could not have been established without the network of related private companies and without undertaking transactions such as the ones on which we have reported in this report, and this purpose is discernible through all Mr. Maxwell's conduct with regard to Pergamon. It runs like a thread through all that he did up to the time when the Leasco deal went off.

From the time when the Leasco deal founded part of his energies switched to ensuring that so far as he could arrange matters the private companies were relieved of some of the special transactions into which they had entered. This change of purpose can be seen in his cancellation of the transaction involving the purchase of the so-called Australian newspaper for £45,512,000, cancellation of the transaction involving the purchase of the other debts for £10,000, both by M.S.I. (D.S.) and the purchase by P.P.I. from M.S.I. Inc. of the Spanish translation rights for £1,166,000. It can be seen in the terms of settlement with the private companies which Pergamon was obliged to accept in 1971.

Despite his protestations to the contrary, we think that Mr. Maxwell was extraordinarily astute in financial transactions not only in

## 'Real aim was to boost share price'

IN THEIR conclusions, the inspectors state that the Report on Maxwell Scientific International (Distribution Services), Robert Maxwell and Co. and the final Report on Pergamon Press should be read with the reported profits in mind: to October 31, 1963, £140,532; prospectus forecast to October 31, 1964, £500,000; profit as per audited accounts to October 31, 1964, £554,907; profit to October 31, 1965, £945,094; profit for 14 months to December 31, 1966, £1,331,992; profit to December 31, 1967, £1,463,162; profit to December 31, 1968, £2,104,000.

At September 30, 1973, the consolidated balance sheet of Pergamon and its subsidiaries (Document No. 436) disclosed net assets of £4,000 represented by share capital and share premium accounts, aggregating £4,525,000, less an accumulated deficit of £4,521,000. Thus virtually the whole of the net capital and reserves had been lost.

The inspectors summarised their conclusions as follows:—

A that neither R. M. & Co. nor M.S.I. (D.S.) always complied with the provisions of Section 148 of the Companies Act 1948.

B (i) that in July 1968 Pergamon sold debts with a face value of £216,938, as at June 30, 1968, for £110,000 to M.S.I. (D.S.) which we calculate then had a true worth of approximately £21,000.

(ii) that Mr. Maxwell should not have been under any illusions as to the collectability of these debts and had information as to their true worth at the time of the sale.

(iii) that Pergamon by selling the debts was in breach of its agreement with Hayes Securities, and M.S.I. (D.S.) in buying them was in breach of its agreement with M.S.I. (1964).

(iv) that Pergamon assigned debts having a gross value of £45,213 to M.S.I. (D.S.) on November 8, 1968, for £45,213 which were non-existent and arose out of errors made in the course

of preparing the accounts of Pergamon to December 31, 1968.

(v) that Mr. P. J. Bennett, Pergamon secretary 1964-1969, recognised that there had been an error at least by March 18, 1968, but the Board of Pergamon approved and published the accounts of Pergamon for the year to December 31, 1967, on May 15, 1968, without the accounts having been corrected to eliminate the error of £45,213.

(vi) that the object of both transactions referred to in sub-paragraphs (b)(i) and (b)(v) of this paragraph was to avoid having to make an additional bad debt provision of between £70,000 and £80,000 which would have reduced Pergamon's profits for 1968, and to avoid the correction of back entries relating to non-existent debts of £45,213 in Pergamon's accounts for 1968.

(vii) that Mr. Maxwell gave oral instructions to cancel the transaction involving the £45,213 and written instructions to cancel the transaction involving the £110,000 after receiving notice of an extraordinary general meeting of Pergamon called for October 10, 1969, at which his removal was to be voted on thus using M.S.I. (D.S.) from ultimate liability.

C that Mr. Maxwell has been intent to delay our investigation into the transactions between Pergamon and the Maxwell family private companies for as long as possible.

D (i) that the agreement dated August 30, 1967, in which the terms of trade between M.S.I. Inc. and Pergamon were set out was the most far-reaching agreement that Pergamon ever entered into and involved Pergamon in a huge contingent liability and gave M.S.I. Inc. reprint rights later valued at £1,600,000.

in return for a 10 per cent royalty.

(ii) that the agreement was not made on August 30, 1967 and no officer of Pergamon, other than Mr. Maxwell and possibly Mr. C. T. Clark (Pergamon secretary 1960-64), knew of its existence or terms until August 1969. Its terms should have been disclosed and explained to Pergamon's shareholders.

(iii) that the contingent liability should have been disclosed by way of a note to the balance sheet of Pergamon at December 31, 1968.

(iv) that responsibility for the omission of a note and the consequent failure of the accounts to show the true and fair view of the state of Pergamon's affairs, if the letter was written in 1967 as asserted by Mr. Maxwell, rests with those who were aware of its terms.

(v) that the shareholders of Pergamon ought to have been told that about one-third of the total reported profit for 1968 of £2.1m. before taxation was derived from sales and prospective sales of back issue journals and that the whole of Pergamon's trade in back issue journals was carried on with only two customers, one of which (R.M. & Co.) was owned and controlled by Mr. Maxwell and the other of which (M.S.I. Inc.) was a private company which was owned by trustees for his sister and her children's benefit.

## Error not corrected

E that the recording of the inter-company transactions arising out of the share purchases of Pergamon by M.S.I. (D.S.) did not correctly record what happened, and that when a bookkeeping error (if it was an error) was pointed out by Mr. Bennett to Mr. Maxwell, it was not corrected.

F that a guarantee given by Mr. Maxwell personally, or by him on behalf of a family private company, to V. & G. in connection with the purchase of Pergamon shares during the currency of the News of the World bid, which resulted in a personal liability or a family private company liability of £58,677 was discharged by a wholly owned subsidiary of Pergamon and that Mr. Maxwell, who wrote to the subsidiary's bank on its behalf for a bankers' draft; this in our view could hardly have been a mistake.

G that Robert Fleming, Hill Samuel and Panmure Gordon observed the requirements of the City Code with regard to the issue of Pergamon shares during the currency of the News of the World bid.

H that it was improper on the part of Mr. Maxwell.

(i) to include £100,000 in the profit forecast for 1968 in respect of Spanish translation rights.

(ii) to write to the auditors about them in the terms that he did on October 21, 1968.

(iii) to cause a profit of £104,166 to be created in the 1968 accounts of Pergamon by debiting a Maxwell family company through a journal entry in the books of Pergamon.

(iv) to induce the purchase of the rights by P.P.I. from M.S.I. Inc. by giving a guarantee on behalf of Pergamon unknown to the Board of Pergamon four days before the extraordinary general meeting of Pergamon called to consider removing him from the Board.

J (i) that an obligation of R. M. and Co. to pay on behalf of European Printing Corporation £58,000 to the Royal Bank of Ireland in June 1969 was discharged by Pergamon and in the same month Pergamon on behalf of E.P.C. paid £72,000 and in July, 1969, £25,000 to R. M. and Co.

(ii) that an obligation by R. M. and Co. was tantamount to a personal obligation by Mr. Maxwell and a payment to R. M. and Co. was tantamount to a personal payment to Mr. Maxwell.

that Mr. Maxwell referred any of the payments referred to in sub-paragraph (j)(i) of this paragraph to the Board of Pergamon.

(iv) that if Pergamon was committed to purchase European Printing Corporation there should have been (a) a proper record of the commitment in an agreement and in the minute book of Pergamon, and (b) appropriate provision for E.P.C.'s trading losses and a reference to the contingent liability in respect of the bank guarantee in Pergamon's accounts.

K (i) that there was need for a full note to the accounts of Pergamon for the year to December 31, 1968, qualifying the profit having regard to the fact that by valuing its stock of journals for the first time Pergamon had created an exceptional profit of £266,000; that the published note was inadequate to explain the position.

(ii) that without the exceptional profit of £266,000 the profit forecast for 1968 of "not less than £2m. before taxation" made in the offer document for the shares in News of the World would not have been met.

L (i) that shipping invoices prior to 1969 relating to back issues to M.S.I. Inc. contained values which bore no relation to the invoice values of the goods; that this was done to mislead the United States Customs.

(ii) that Mr. Clark did not think that putting notional values on shipping invoices was a right thing to do and had the practice stopped; that Mr. Maxwell did not share his views.

M that the raising of two invoices and two reprint order forms and the making of two journal entries, resulting in a total charge to R.M. & Co. of £162,921, were designed to boost Pergamon's profits by approximately £50,000 in the year to October 31, 1966, by approximately £50,000 in the 14 months

including its merchant bankers, as one of the terms of the June 17, 1969 agreement under which Leasco was to make an offer for all of the shares of Pergamon, and that the inspectors contemplated the termination of trading between M.S.I. Inc. and Pergamon. That was fully known to the inspectors and in fact is described in detail in the First Report on Pergamon, dated 10th September 1969.

Pergamon sought to reverse this debit but of course made no claim that that was anything more than a unilateral attempt to reverse a completed transaction.

"The balance of the amount that was written off was not written off because of any admitted error of trading, or because of any miscarriage of my stewardship," but simply because the then Leasco-controlled Pergamon management should never have charged to M.S.I. Inc. an item of £229,000 of stock which Pergamon never invoiced because delivery was never completed."

"Withholding information from shareholders. The inspectors found that Pergamon failed to supply information to which shareholders were entitled, whilst accepting that the circulars, annual reports, etc., were prepared with the assistance of accountants, merchant bankers and stockbrokers of the highest standing, none of whom, it is suggested, ever claimed that they were withholding or suppressing information, or provided them with inaccurate information.

The responsibility and blame, they state, rests solely with Mr. Maxwell, who, notwithstanding their admission that "accounting standards and disclosure rules were to some extent undefined" at the relevant time, The inspectors also knew that (or could have known) that Pergamon Press, Robert Maxwell and Company Limited, their associated companies and myself paid professional advisers' fees in excess of £1.5m. during the period 1963-68.

"One of the primary duties of professional advisers to the Board and to the shareholders, as well as to the public at large, is to ensure compliance with all the rules, regulations and standards concerned with disclosure to shareholders as required by the Companies Act, the City Code and the Council of the Stock Exchange, and yet strangely nobody else is blamed but me.

"Profit Boosting and Inter-Company Cash. Throughout the Report, the inspectors wrongly allege that I entered into transactions between Pergamon Press and Maxwell family companies for the purpose of artificially boosting profits, and thereby maintained or increased the share price."

To answer the main allegation that the dealings between Maxwell Scientific International, Inc., Robert Maxwell and Co., and Pergamon in respect of the supply of back issues of journals were not disclosed and were not proper transactions, Mr. Maxwell claims that auditors Chalmers Impey confirmed to the inspectors "that they took legal opinion on how to treat for profit and report on these transactions."

"Dealings in and Financing of Pergamon shares—Breach of Section 34—Intermingling of Funds—Terms of Trade between Pergamon and M.S.I. Inc."

Mr. Maxwell says that his solicitors, Lewis Silkin and Partners, "in their submission to the Department of Trade and Industry of September 7, 1973, pointed out that the inspectors' Report was wrong, when they claimed that at October 31, 1968, RM and Co. owed Pergamon not less than £56,311 and they showed that, in fact, at that date, Pergamon owed Maxwell's £240,845. Lewis Silkin and Partners gave figures from the British Printing Corporation which gave the basic information which enabled Silkin to show that M.S.I. Inc. had overpaid answer.

Pergamon at October 31, 1968, £326,800, approximately £140,000."

"The inspectors refused to accept the evidence I gave them on this point. However, they admit that if payment depended on shipment to America, no payment (by M.S.I. Inc.) may have been due. The inspectors accept that if RM and Co. was owed money by Pergamon then there was nothing improper in these payments being made to the private companies—and this position has in fact been established.

"The three indisputable errors of the £25,000, the £100,000 and the overpayment by M.S.I. Inc. of approximately £140,000 were not admitted by the inspectors because this would have destroyed a quarter of their Report and their major allegations and conclusions relating to the intermingling of public company with private company funds and the use of public company money to buy its own shares. Having been forced to admit one major error in their calculations, and in the light of the surprising refusal to admit the three other very obvious errors, how can anyone have any confidence in the accuracy and fairness of their opinions and conclusions in their Reports?

## Invitation

"Mismanagement. I would assert that the fact that Pergamon has survived and is operating profitably; that International Learning Systems Corporation is also profitable; that the British Printing Corporation having bought from Pergamon its remaining 10 per cent interest for £200,000 two years ago—and that the present independent board of Pergamon has invited me back and settled all outstanding claims on the basis of equal validity, leaves me with no mismanagement charge to answer.

"My main complaints may be summarised as follows:

1—The inspectors have failed to observe the requirements of natural justice by not giving me a fair opportunity to know the criticisms that they proposed to make of me, thereby depriving me of an opportunity to rebut them.

2—The inspectors have wrongly charged me with delay in replying to their investigation, and have miscalculated and overstated the time involved.

3—Since the inspectors have not enabled me to make detailed reply to their specific criticisms, they have failed to consider a one-sided partisan report, whitewashing and exonerating everybody, and placing all responsibility on me alone.

4—The inspectors chose not to report on the damage and loss caused to Pergamon's shareholders and myself by Leasco withdrawing its bid for Pergamon and then taking over de facto management control of the company. The very many business decisions taken by Pergamon's Leasco controlled management from October 1969 to 1973 had substantial and harmful consequences on Pergamon's profit and loss account and on many of the transactions of which the inspectors are critical in their Reports. It is, to say the least, surprising that the inspectors should have left Leasco's substantial involvement in Pergamon's affairs out of their Reports and conclusions."

**A Gala Charity Performance**  
in the presence of  
**Her Royal Highness The Duchess of Kent**  
in aid of the  
**National Society for Cancer Relief**  
**Paramount Theatre**  
Lower Regent Street,  
London S.W.1.  
**Thursday, 29th November 1973. at 8.15 p.m.**

The Directors Company presents  
**RYAN O'NEAL**  
A **PETER BOGDANOVICH PRODUCTION**  
**"PAPER MOON"**

TICKETS AVAILABLE from  
**NATIONAL SOCIETY for CANCER RELIEF**  
Michael Sobell House,  
30 Dorset Square, London NW1 6QL or telephone 01-723 6277

**A FEW TICKETS LEFT AT £20 & £10.65**



## FUEL AND POWER EMERGENCY

# IF WE EACH SAVE A LITTLE, WE'LL ALL SAVE A LOT.

Britain is facing a serious reduction in its supplies of oil, coal and electricity—a situation which could rapidly get worse.

Already, industry, airlines, government departments and public bodies have been instructed to cut their consumption.

The rest is up to us as individuals.

Each and every one.

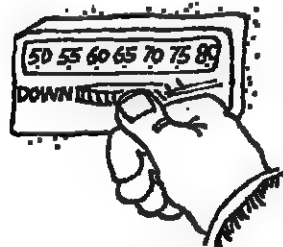
Because any small saving that can be made will contribute towards a large and valuable saving of the country's fuel resources.

So we must all act now and increase our efforts to save fuel. Check the points below and take action immediately.

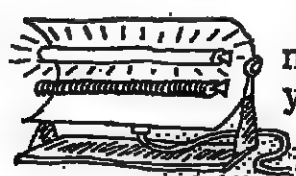


### How to save fuel in the home.

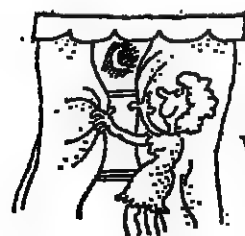
Most of us can reduce the amount of heat and hot water we use, without any real inconvenience. For instance:



Reduce your central heating. Turning a thermostat down by 2°C or 4°F can save a household up to 16% on its fuel bill. And check your lagging, insulation and draught-proofing. They can make big savings.



Bar fires, fan and convector heaters can help make big savings, too. Turn down the heat when you're not in the room, leave it off when you're out of the house.



Other ways to save heat include closing curtains wherever possible (left open, they can lower the room temperature by up to 5°C or 9°F). Don't open windows if the room becomes too warm, but turn down the heating instead. And ensure that heating is shut off at night when it's not needed.



Is that light really necessary? The truth is that one less 100 watt light bulb burning in each house saves the output of a large power station. And every appliance left on or used wastefully adds to the national shortage.

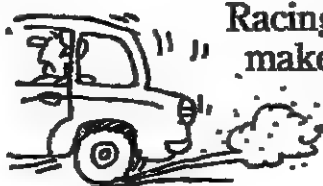


### How to save fuel on the road.

Don't travel by car unless you really have to, particularly at weekends. If it is essential, you can save fuel in these ways:



One of the best ways to save petrol is to restrict speed. In fact, in the average car, petrol consumption at 35 mph may be half that at 65 mph. So a self-imposed speed limit of 50 mph will save a lot of fuel.



Racing starts and sudden braking use up extra fuel. It makes sense at all times to use the accelerator as gently as possible and to brake smoothly, too. It also makes better driving sense!



It's a good idea to offer a lift to a friend or neighbour. Maybe organise a rota or pool in your neighbourhood or where you work.



Cut down weekend motoring wherever you can. For example, most of us really don't need to drive on Sundays. The saving in petrol would be enormous.

## CUT FUEL CONSUMPTION NOW.



# APPOINTMENTS

## Institutional Salesman

There is a vacancy in our equity institutional department for an experienced salesman.

He should have at least five years experience of either stockbroking or working in the investment department of a major institution.

The salary will be fully competitive.

Reply in confidence to:  
M. S. Evans  
Laing & Cruickshank  
Tower Block  
The Stock Exchange  
E.C.2.

## Financial Controller

West London  
c. £7,000 + Car

My client - part of a large, diverse and highly successful group - is one of the leading Companies in the U.K. entertainment/leisure industry.

With an active policy of growth through acquisition and consolidation, they are currently seeking an exceptional man to act as Financial Controller.

Reporting direct to the Managing Director, his sphere of activities will encompass new business negotiations, formulation of financial policies, control systems and budgets, and management responsibilities for all personnel within his function.

This is an outstanding assignment.

To meet the challenge, the successful candidate will undoubtedly need to be a Chartered Accountant of not less than 30 years of age, with considerable experience gained at senior management level in a commercial environment. He also must of course be self-motivated and be capable of making a significant contribution to the Company's continued success.

If you feel you can honestly meet these requirements, write immediately in strict confidence to:

Barry Tavenor,  
Managing Director,  
Resources Recruiting Limited,  
2 Bedford Row,  
London WC1R 4BU.

Please indicate in a covering letter any companies that your reply should not be forwarded to.

## PRODUCTION DIRECTOR

£7,000 PLUS CAR

This is a new appointment in this progressive Company employing 750 people manufacturing Lathes.

Applicants should already be holding senior appointments in Production Engineering.

Knowledge of the Machine Tool Industry will be considered an advantage.

Age: 30-45 years.

All applications will be treated in the strictest confidence by the Chairman and Managing Director.

Write, marking envelope PDFT:

Ian Smith,  
DEAN SMITH & GRACE LTD.,  
P.O. Box 15,  
Keighley,  
Yorkshire BD21 4PG.

## AN EXCEPTIONAL OPPORTUNITY

A Swiss company now established in the United Kingdom and well-known for its precision engineering products is seeking a future production director and a future marketing director. In both cases the opportunity is for a young man, probably between 33 and 37, who is prepared to study the business for two years before taking on heavy responsibility.

The production man must have a good engineering degree, production experience and have proved himself in the industrial relations field. The commercial man will have a university education, preferably an economics or business studies degree, sales experience coupled with business flair and an ability to get on with people. Both must be good administrators.

These two positions offer exceptional openings for men with the right background and a generous salary will be paid. If you have the right qualifications please write giving brief curriculum vitae to: The Chairman, Box T.2362, Financial Times, 10, Cannon Street, EC4P 4BY.

## Assistant to the Company Secretary

An Assistant is required for the Company Secretary's Office of The Delta Metal Co. Ltd. in London, the headquarters of a major Group of Companies in Building Products, Electrical Equipment, Engineering Components and non-ferrous metals.

Duties will cover a wide range of secretarial, statutory, pensions and insurance matters.

Applications are invited from law graduates or Chartered Secretaries. Age preferably 30-35, and experience of the duties of a Company Secretary necessary. Salary will be negotiable.

Please apply in writing giving details of education, qualifications and previous experience to:

The Secretary,  
The Delta Metal Co. Ltd.  
1 Kingsway, WC2B 6XF

Building Products  
Engineering Components



Electrical Equipment  
Non-Ferrous Metals

## Contracts Director

### Planning and Architectural Partnership

The services offered by this multi-discipline partnership range over the whole field of environmental planning, architectural design, residential building, and public works. Projects currently under design or construction in this country and overseas, for the control and supervision of which the partnership is responsible, exceed £75m. in value. It is the contract director's job to see that projects are progressed and completed on time and that the partnership's professional responsibilities are fully and properly discharged. Engineers, architects, surveyors or those otherwise relevantly qualified, who have a minimum of 15 years' successful experience matching this task are invited to describe this together with a brief personal history when writing - in confidence - to D. S. A. E. Jessop reference B.28313.

about £7000

MSL

Management Consultants in Human Resources

17 Stratton Street, London, W1X 6DB.  
BIRMINGHAM GLASGOW MANCHESTER

## Charles Barker Recruitment

Use our Confidential Reply Service by sending us full career details and listing on a separate sheet any companies to whom we should not forward your reply. Write the reference number on your envelope and send it to our London office, 30 Farringham Street, London EC4A 3BA.

## Personnel Officer (Administration)

A leading Merchant Bank in the City of London requires a man, aged 24-29, to join a small but very active Administration Department. His responsibilities will include:-

- the maintenance and improvement of personnel records systems.
- assisting with salary administration matters.
- the operation of staff benefit schemes.

Ideally, applicants should have had previous personnel experience in a financial environment. Excellent starting salary and fringe benefits are offered. Reference 4508

## FOREIGN EXCHANGE DEALING

A senior foreign exchange dealer is required by the London branch of a major New York bank which is expanding its overseas business. The branch has a medium sized dealing room, and is trading actively in the main currencies in exchange and deposits.

Applicants, aged 28-35, should have had several years active experience in the foreign exchange market, and be prepared to accept responsibility in the proposed expansion activities. Salary is subject to negotiation up to a high four-figure level; additionally, there are attractive fringe benefits including house loan scheme, Private Patients' Plan, non-contributory pension etc.

In the first instance and in the strictest confidence, please telephone Peter J. Taylor on 01-623 5051.  
JONATHAN WREN & CO LTD., BANKING APPOINTMENTS  
THE WHITE HOUSE, 15 FISH STREET HILL, LONDON EC3R 6BP

## TECHNOLOGY INDUSTRY PROGRAMME MANAGER

Established multi-national Market Research and Consulting Firm seeks European based programme manager for new service for the investor in technologically related worldwide companies.

Experience desirable in sales/service of institutional investor accounts, and knowledge of Computer and Office Equipment/Technology Industry Companies essential.

English and French speaking capabilities for written and verbal communication important as is direct sales experience and willingness to travel.

Research support provided by worldwide information collection network and established client acceptance in major financial circles.

Compensation scheme arranged to reward performance. Reply with full resume with compensation experience to Box T.2877, Financial Times, 10, Cannon Street, EC4P 4BY.

## SALES EXECUTIVE

Maturity, management background and successful sales experience are assets for an individual seeking an interesting and challenging opportunity for outstanding earnings.

The person we seek is a professional with stature, integrity, and a successful record at high earnings levels. Compensation based on guarantee against unlimited commissions. International management consulting firm's London office.

Send resume in confidence to Chusid, 213 Oxford St, London W1R 1AH.

## Coffee Marketing Manager

We require a keen and skilful man for employment in a producing country. The successful applicant will be well versed in shipping documentation, and international banking and exchange procedures and will preferably have had experience in the green coffee trade.

Conditions will include provision for paid annual leave with fares to place of recruitment, a rent free house and other usual expatriate benefits. Cool pleasant climate and good social conditions. The company is British owned and operated.

Interviews will be arranged in London for late November and employment would commence in January, 1974. Write with full particulars to Box No. W.1242, Reynell Recruitment, 88/90 Chancery Lane, London WC2A 1HF.

## STOCKBROKERS

A small group of Members would like to find a London firm which will provide them with a sound base which they can develop together with the existing partners into a compact international stockbroking company.

Please reply to Box T.2880, Financial Times, 10, Cannon Street, EC4P 4BY. In the strictest confidence.

## Chief Executive-Trust Company

### Pacific-New Hebrides

A consortium of major international banks wishes to appoint a Chief Executive for a new Trust Company now being established in the New Hebrides. The islands are rapidly becoming an important international tax-free financial centre in the Pacific region. The scope for business development, therefore, is very substantial.

Although based in the New Hebrides, reporting direct to the Board in Australia, the Chief Executive will be involved in extensive travel to major business centres throughout the world.

The man appointed will possess a first class knowledge of investment management, the money market, and international aspects of tax laws and company law. He will already have built up a broad range of international financial contacts and will have a proven record of successful business development. The position calls for initiative and a high level of personal responsibility.

Age is not a deciding factor, but there is a preference for a man in the 30-40 age bracket. Candidates must be English speaking and a knowledge of French would be an advantage.

A substantial tax-free salary will be negotiated and other benefits, including a rent free house of a high standard, will be provided.

An international firm of Management Consultants has been retained to advise on this appointment. Please reply, in confidence, with a curriculum vitae, to J. B. Henton, 83 Ebury Street, London SW1W 9QU.

## Corporate Planning

City  
£5,000 +

A major financial group with diversified business interests in the U.K. and overseas, established its central planning department two years ago. The department has responsibility for developing planning at corporate and divisional levels, from initial definition of objectives to final monitoring and review of the various plans. Expansion of the planning activity creates this further appointment at group headquarters in the City, for a planner around 30 with a professional or graduate training in a number of disciplines. Candidates should be thoroughly conversant with planning methodology and related techniques - particularly in financial analysis and forecasting - and must demonstrate the ability to produce cogent and concise reports for top management. A key requirement is solid forward planning experience in a large, multi-product enterprise, preferably with an international dimension. Remuneration will be negotiable around £5,000 with a comprehensive range of benefits including house loans at preferential rates. (Personnel Services: Ref. MV26/4824/FT)

The identity of candidates will not be revealed to our client without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.



PA Management Consultants Limited,  
Personnel Services Division, Hyde Park House,  
Knightsbridge, London SW1X 7LE

## Managing Director

### Light Engineering

to lead the development of an engineering company which is part of a public group and has a turnover approaching £1m. in batch produced components and instruments. The man appointed will have an autonomous, profit accountable role: his key tasks will be to complete the establishment of the company on its recently opened site and to improve its business performance. Probably qualified engineers, candidates must have demonstrably successful general management records within the light engineering field; ideally these should include product/market innovations. Car; pension; re-location assistance to pleasant South Wales area. Please write - in confidence - stating how each requirement is met to G. E. Howard reference B.29181.

around £8000

MSL

Management Consultants in Human Resources

17 Stratton Street, London, W1X 6DB.  
BIRMINGHAM GLASGOW MANCHESTER

## ESTATE AGENCY

Chartered Auctioneer and Valuer required by South Coast Institute firm. Applicants (preferably age 30 or 40) must be fully acquainted with residential and commercial work. This is a senior well-paid appointment and only applicants of high calibre and wide experience should apply. Write with full details to:- Box T.2874, Financial Times, 10, Cannon Street, EC4P 4BY.

## CONSTRUCTION CLAIMS LIAISON OFFICER

Up to £4,083 per annum, plus car allowance.

The London Borough of Croydon has an extensive building programme involving many simultaneous major and minor contracts. These projects are designed and supervised by the Architectural Division of the Department of Development. A senior liaison assistant is required to investigate, negotiate and report at top level in the Directorate to achieve the settlement of claim either by the Council or by Contractors arising under the Standard Form of Building Contract. The work will include close consultation with the Corporation's legal service, to analyse and prepare alternative courses of action. Applicants must have had considerable contract experience and be thoroughly conversant with the operation of this form of contract. In an approved case assistance would be given with temporary housing accommodation and a grant paid towards removal and lodging expenses.

## CROYDON

Application forms may be obtained from the Director of Development, London Borough of Croydon, Taberner House, Park Lane, Croydon, CR9 1JT, or telephone 01-686 4433, ext. 2596. Closing date 12th December, 1973.

## APPOINTMENTS WANTED

**BUSINESS MAN**  
Swiss, Doctor of Economics, living abroad, managerial responsibilities at HQ of multinational group, wishes to establish himself in London. 1974 to 1975. Can prove excellent achievements in high-level negotiations and in solving general management, administration and financial problems for large and medium-sized international groups in several countries. French, German, English, Spanish. Seeks contacts in view of active representation of interest, creation and development of international business. Write Box T.2873, Financial Times, 10, Cannon Street, EC4P 4BY.

**AS THE CHIEF EXECUTIVE**  
of an established engineering company with a high growth record - and as a man whose company loyalty includes only one change in the last 30 years - I am looking for the opportunity to join forces with a leading manufacturer and/or marketing team connected with high grade engineering products. Searching for a new challenge to which I can rise to the strength of my experience. This includes the following: 1. Highest English/German, Chartered Engineer; 2. usually wide technical and commercial experience; 3. outstanding and proven world-wide marketing record (including Eastern Bloc countries); 4. excellent and proven talent for high level negotiations; 5. fair for innovation in developing new products; 6. marketable. If you are seriously interested please write to: S. Bates Esq., 24, Alton Road, Croydon, Surrey.

## CLUBS

EVN, Regent Street, 234 5007. Air cond. Lavish Scottish. "Lib and Let Lib." Ext. fee. Cocktails, Dinner, Wine, Brandy and Coffee £6.50 or a la carte.



## The Executive's World

EDITED BY  
JOHN TRAFFORD

Roy Levine discusses the merger of the FCI and ICFC

## The small firm will gain

A CREDIT squeeze is just the corner, small and medium-sized firms can always turn to the Industrial and Commercial Finance Corporation (ICFC) for money and pay a per cent above the minimum lending rate of ICFC lending annum.

course, not all that money goes to small companies which account for one-fifth of GNP and employ more people than the rest of the economy. The merger will be a second breath for FCI, since its formation along with ICFC in 1945 as part of post-war reconstruction, has been on the bigger fish. Shareholders in FCI are institutions like investment trusts and insurance companies. Though most of its cash resources have been raised with clearing banks, its aim at time was to act in the small interest by providing a not for industry when money is not raised from ordinary market sources. It has restricted its investments to a small number of large companies but has not been active recently.

FCI, on the other hand, was led by the clearing banks to provide long-term finance for small and medium-sized companies. Most of its resources have been raised in the money market. The proposed merger will be a two-tier structure as in the table. A new company, Finance for Industry (FFI) will acquire all shares in ICFC and FCI which will each remain intact. Institutional investors in FCI will be paid out in cash while ICFC shareholders will

become shareholders in FFI and the Bank of England will increase its proportion from 3.3 to 15 per cent.

Although the merger has been mooted for the past seven years (when the now defunct IRC challenged FCI's efficacy) the actual event, in the form of offer documents earlier this month, has almost gone unnoticed. Yet, even apart from the £500m. resources of the combined group, the merger is important at a time when enormous capital appetites have been created by exploration for gas in the North Sea, economic expansion, the need to regenerate depressed areas and participation in EEC ventures.

Characteristic of the slow-footed ICFC/FCI institutions, expansion plans have not yet been worked out and detailed policies will only be thrashed out once FFI has a Board of directors.

## Decisions

For the moment, Sir Humphrey Mynors will stand down as chairman of FCI and Lord Sheffield, present chairman of ICFC, will take his seat and become chairman of FFI. But, being 89, he is due to retire next year and at this time there is no obvious successor.

Meanwhile, urgent decisions will need to be taken about how to split the cake, how to define FFI's new role and how to reinforce ICFC's role in the small company sector. If these decisions are taken quickly and definitively, perhaps the groups can at last earn real personalities. The two groups have seldom been in the limelight and since neither is solely profitable, their roles are often misunderstood.

At this stage, the merger has more implications for FCI than for ICFC, which will carry on as

a potential customer as overdraft financing they will refer the case to a bank. The reverse is true when a bank is reluctant to lend a small company long-term money.

The difference in criteria often arises from the risks involved for the Corporation - often deals in fairly high-risk investments. Its subsidiary, Technical Development Capital, is one instance of that since it is primarily concerned in providing capital for high technology companies.

The Corporation has increasingly been diversifying its activities and aims now to present a "one-stop" service for small companies. The diversification which includes management consultancy through ICFC-Numas has been in response to client needs rather than a deliberate policy. These ancillary services are not necessarily profitable but, in most cases, are expected to keep their heads above water.

## 'Super-currency'

It is arguable whether that stance affects the quality of service and degree of resources in the group. Its staff of 180 represents a work load of 200,000 per person and, even though it has plans to increase its staff by 25 a year, it is patently not in a position to provide continual in-depth services.

If you are running a small company and are in a hurry to grab "super-currency" in the form of a public offering of shares, merchant banks can probably help you better. Only about a quarter of ICFC's advances have been for equity participation and it is not really interested in nursing companies to the Stock Exchange.

only an interest in such property is sold the part undisposed of has to be valued and taken into account in determining whether the £1,000 limit is exceeded so it certainly seems that this exemption will not apply in your case.

However, if a yacht for example (or an interest or share in a yacht) was disposed of any gain would probably be exempt under Finance Act 1968, schedule 12, paragraph 1 (which applies to the disposal of certain tangible moveable assets with a predictable life of less than 50 years), whatever the amount of the proceeds.

The question of whether zero-rating applies to services supplied in the U.K. to an overseas resident depends, if the services are also used in the U.K. as in your case, on the relationship between the parties. If the relationship is that of U.K. agent to overseas principal then any services supplied by the agents are zero-rated (Finance Act, 1973, schedule 4, group 8, item 1).

That is the business of its corporate finance branch which is divorced from its lending operations. ICFC is again different from most merchant banks in that it very rarely appoints nominee directors or takes an active part in management although the ancillary services—staffed by more than 600 people—are sometimes called upon.

Of course, the Corporation will argue that as a lender to private industry its main advantage is providing money at fixed rates over long periods, thus giving companies the opportunity to plan expansion more predictably. That kind of service on its own might not require any backup activity. Even though a company's historic rate of return on capital may not match the Corporation's 13 per cent plus interest charge, the return on new investment can comfortably exceed that. The current high cost of money is not affecting existing clients.

Most of the loans are issued for expansion and the figures show that 63 per cent of funds supplied between 1968-70 were used to buy fixed assets or working capital. That also indicates ICFC's view (which contradicts the folklore) that lack of finance at crucial periods is not the main reason for failure of small companies. Rather, lack of planning or marketing and insufficient awareness of how inflation eats into working capital are espoused by Gerry Richardson, managing director of ICFC-Numas. He would like to see the official adoption of inflation accounting along with necessary fiscal changes.

The 28 per cent of serious approaches rejected by the Corporation are usually on the grounds of lack of faith in a product or company. There are no set rules but among the

## POST-MERGER STRUCTURE

FINANCE FOR INDUSTRY (FFI)

Issued capital £60m.



Lord Sheffield, chairman ICFC.

100% Industrial and Commercial Finance Corporation (ICFC)

ICFC: Leasing  
ICFC: Mums  
ICFC: Communications  
ICFC: Training  
ICFC: Computer Group  
Industrial Mergers Ltd.  
Technical Development Capital Ltd.  
Ship Mortgage Finance Company

Other activities include:  
Property and development  
Corporate finance  
Shipowners  
Portfolio investment  
Manufacturing and engineering

Shareholders	%	%
Bank of England	15.02	
Bank of Scotland	3.72	
Barclays Bank Limited	18.86	
Lloyds Bank Limited	13.70	
Midland Bank Limited	16.18	
Clydesdale Bank Limited	1.85	18.03

National & Com. Banking Gp.		
The Royal Bank of Scotland Ltd.	4.58	7.58
Williams & Glyn's Bank Limited	3.00	
National Westminster Bank Ltd.	22.99	
Coutts & Co.	0.70	23.69
		100.00



Sir Humphrey Mynors, chairman FCI.

100% for Industry (FCI) Finance Corporation

## OUR BUSINESS PROBLEMS

## Capital gains and income tax

in dispute with the Inland Revenue over a capital loss I suffered in connection with Mersey Docks holding and am appealing to the Commissioners. A tax office informs me that as due to me in respect of payment of tax deducted from interest payments are retained pending settlement of this. As I understand it, capital gains tax and income tax are entirely separate, has the taxpayer the right to withhold payment?

The Inland Revenue have not accepted the Company's view under section 33(4) of the Finance Act, 1965, that shares in Mersey Docks and Harbour Company are valueless.

There does not seem to be any specific statutory authority for Inland Revenue withholding income tax repayment because of an alleged capital gains liability—and in your case, course, no liability at present—as the Commissioners have yet determined your appeal. However, a legal action to force

the Inland Revenue to repay would be time consuming and costly.

**Tax relief on a loan**  
I have the opportunity of borrowing money on my life assurance policy at an advantageous rate from the particular life insurance company but the terms would allow that the loan may be repaid in whole or in part at any time during the currency of the policy.

If I use this loan as a general fluctuating level loan facility and not as a whole for any fixed period, will it qualify for tax relief?

The interest paid to the life assurance company on the loan will qualify for tax relief, subject to the disallowance of the first £25 each year if the interest is not "protected" interest which, broadly speaking, is interest on loans for the purchase or improvement of land or buildings.

Only £25 in total is disallowed

so, if you already pay "unprotected" interest of more than this amount, the whole of the interest paid to the life assurance company will be allowable.

## No effective sanction

At the last AGM of a small private company, I moved an amendment to the resolution concerning the adoption of the accounts. The chairman ruled my motion out of order on the grounds that due notice of the amendment had not been given to all members of the company. I understand this ruling of the chairman was incorrect, and that this renders the basic motion a nullity. What action should I take in the circumstances?

Your petition now is that you can litigate to have the minutes of the company meeting amended if you think this is worth the very considerable risk in costs. In that case you should consult a solicitor. Otherwise you can move the resolution at the next meeting after giving notice of it so as to discontinue the chairman from taking the same bad point again. The main problem is that there is no effective sanction to cover the situation which now obtains.

## Gains tax exemption

If two of us sell for £1,500 an antique bureau-bookcase, which we inherited jointly, will the exemption for tangible moveable property disposed of for less than £1,000 apply to each of our shares so that each is exempt from capital gains tax?

We think not, because the legislation is so worded that if

## BY OUR LEGAL STAFF

only an interest in such property is sold the part undisposed of has to be valued and taken into account in determining whether the £1,000 limit is exceeded so it certainly seems that this exemption will not apply in your case.

However, if a yacht for example (or an interest or share in a yacht) was disposed of any gain would probably be exempt under Finance Act 1968, schedule 12, paragraph 1 (which applies to the disposal of certain tangible moveable assets with a predictable life of less than 50 years), whatever the amount of the proceeds.

## Vat and overseas resident

As a non-resident in the U.K. I have been advised by my stockbroker that I am not liable to pay VAT "on his commission, fees, and in certain cases on claims for reimbursement of expenses incurred by (him) on (my) behalf". I am told by my solicitors that "all solicitors and estates agents fees are chargeable with VAT notwithstanding that the person on whose behalf (work) has been carried out is non-resident in the United Kingdom." Is this correct?

The question of whether zero-rating applies to services supplied in the U.K. to an overseas resident depends, if the services are also used in the U.K. as in your case, on the relationship between the parties. If the relationship is that of U.K. agent to overseas principal then any services supplied by the agents are zero-rated (Finance Act, 1973, schedule 4, group 8, item 1).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible. No charge is made for this service except in relation to investment matters.

We understand that Customs and Excise do not regard solicitors and surveyors as agents, but the question is not clear as regards estate agents and it could well be that their commission should be zero-rated in the circumstances mentioned.

## Management News

THE London Chamber of Commerce and Industry is to start a series of training courses for export administration staff. The programme will consist of four practices, banking procedures, customs requirements, coupled with the constantly changing trends in export documentation.

The first course, starting in the autumn, is a one-day course for new staff in exporting and shipping; the second, Delivery and Payment (two days), is for more experienced staff; the third, EEC Procedure and Documentation (one day), will provide information on EEC practices; and the fourth, Export Office Productivity, Paperwork and Profit (two days), is for export or shipping managers.

All the courses are limited to 16 students, will be held at the London Chamber and will be conducted by professional tutors. They are being administered by Mr. Bernard Goodyear, Head of the Chamber's Export Services Department. The courses will also be available for in-house training schemes.

many firms involved in exporting. This shortage is placing a pressure on trained staff conversant with export administration. The programme will consist of four practices, banking procedures, customs requirements, coupled with the constantly changing trends in export documentation.

The first course, starting in the autumn, is a one-day course for new staff in exporting and shipping; the second, Delivery and Payment (two days), is for more experienced staff; the third, EEC Procedure and Documentation (one day), will provide information on EEC practices; and the fourth, Export Office Productivity, Paperwork and Profit (two days), is for export or shipping managers.

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The eighty-fourth Annual General Meeting of Lister & Co. Limited was held on Tuesday, November 20th at Bradford, Mr. I. E. Kornberg, the Chairman, presided. The following is an extract from the Accounts and his circulated statement:-

Group pre-tax profit for the year ended 31st March, 1973, was £1,250,000 against £1,201,000 for the previous year. A total net dividend of 9.8% is recommended.

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The Directors' Report states 'the aggregate market value of the Group Freehold and Long Leasehold Land and Buildings exceeds the net book amount at which they are included in the balance sheet'. We are engaged in activities aimed at developing the potential value of the Company's properties.

After almost thirty years of dedicated service to the Company Mr. Wilfred Asquith decided to step down as Joint Managing Director as from 31st March 1973. He continues on the Board in a consultative capacity and we hope to have the benefit of his advice for many years to come.

Mr. Justin Kornberg has been appointed sole Managing Director, and Mr. J. H. Walsh Deputy Managing Director. I have to thank them, and all members of the Board, and directors of subsidiary companies and management, for their dedication to the interests of your Company.

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# Jamaica

## A time for firm leadership

JOHN LEECH

A refreshing extent to free comment is permitted in Jamaica. It was demonstrated recently in a television street interview on the performance of the 1-year-old government. Mr. Hugh-son's former ruling Jamaica Labour Party: "They thieve too much." And of Mr. Michael Manley's current People's National Party administration: "They talk too much."

### Popular viewpoint

It is a pithy observation, then, that it may do full justice to the party, does serve to unseat the level of political encephalitis of the Jamaican people. It also succinctly assesses the popular viewpoint 20 months after Mr. Manley took office. Further point to the remark by the that Mr. Manley, possesses as he does, much of his charisma, did not state in his campaign to lay Rastafarian language, saying that he would wield the rod of correction "in the interests of the island's future."

too well rooted to be endangered. Yet there is a growing impression in Jamaica which is alarming the entrenched indigenous middle class in inverse proportion to the encouragement it is offering to more radical elements. This is to the effect that worsening economic conditions, exacerbated by imported inflation, are leaving Mr. Manley less and less time to prove that a popular reformist administration, operating within the limits of a relatively laissez-faire system, can adequately improve the lot of the many men in the street and the few who are left in the cane field.

In a land where the example of next-door Cuba dominates conservative thinking, the new administration has done little to improve the morale of the business community. Its declared intention is to identify Jamaica with the Third World, replacing its present supplicant status in relation to western capital with a prouder and more self-reliant posture. To the middle-class Jamaican the Third World begins a long way away, somewhere across the Atlantic in Africa, and not as Mr. Manley would have it, right at the front door in the squalid hovels of Western Kingston and on the adjacent, often poorer, islands of Caribbean brotherhood.

Thus Mr. Manley's recent offers of assistance to freedom fighters in southern Africa, his elevation of the Cuban mission from consular to ambassadorial status, his acceptance of a ride to the Algiers Non-Aligned Summit in Fidel Castro's jet, and the opening of relations with Peking, are all cited by affluent Jamaicans as evidence of a dangerous swing to the left.

While this is almost certainly going too far, the fact remains that these actions, coupled with

### BASIC STATISTICS

Area 4,411 square miles.  
Population 2.2m.  
GDP \$71,158m.  
Per capita \$32.15m.  
TRADE (1972):  
Imports \$7403m.  
Exports \$7303m.  
Imports from U.K. \$415m.  
Exports to U.K. \$38.7m.  
TRADE (1973):  
Imports from U.K. (to end-June) \$20.7m.  
Exports to U.K. (to end-June) \$25.7m.  
Currency—Jamaican Dollar:  
£1=\$12.17.



Prime Minister Michael Manley

lingering doubts (to put it no higher) about the handling of chronic balance of payments and budgetary deficit problems, have led to a loss of confidence within the powerful middle-class minority. At the very least, they are withholding an element pulling this way within his party, though his enthusiasm is somewhat tempered by memories of the storm of public abuse under which an earlier launch in 1962 into the high seas of public ownership was driven swiftly back to shore.

The general mood of Jamaicans at present is to wait and see, but there are clear indications of a need for real signs of the leadership which Mr. Manley promised. For his part, he seems to be finding some difficulty providing it as the extent of Jamaica's problems and the limitations within which a democracy can operate become progressively clearer to his inexperienced administration.

The problem is that different sectors of the community cherish expectations which are well above the island's capacity

to fulfil and which are often mutually exclusive. On the one hand, the working and professional classes see a clear need for Mr. Manley's humanitarianism to be augmented by more decisive application of the corrective rod. Indeed, there is an element pulling this way within his party, though his enthusiasm is somewhat tempered by memories of the storm of public abuse under which an earlier launch in 1962 into the high seas of public ownership was driven swiftly back to shore.

On the other hand, both local and foreign private capital investment, which has until recently been one of the major props of the economy has temporarily dried up. (Only in part because the bauxite expansion programme has been concluded), so that it is necessary to retain the confidence of backers of projects already in the pipeline as well as to attract new enterprise.

Thus the immediate concern of Jamaicans as a whole is that it is only now, after almost two years in office, that the Government seems to be concluding its evaluation of the problems and the limitations of the courses open to it.

### Labour force

It is a truism of the Jamaican political scene that no new administration can come to power with a platform markedly different from that of its predecessor. This is in large measure because political power has been traditionally monopolised in the organised urban and rural labour force.

Both parties grew in tandem with the major labour unions. The JLP was developed as the political arm of the Bustamante Industrial Trades Union, which sparked the violent birth of the movement towards internal self-government in 1958. The PNP, originally a party of middle-class

professionals, formed when Mr. Norman Manley broke with Bustamante, rapidly founded the National Workers' Union to develop its own power base. It was with these rival unionist followings that the first election was fought in 1944.

With this background, which has continued unchanged to the present, neither party can be characterised as conservative, but over the long years of power since independence in 1962, the JLP, with its largely rural backing, subscribed increasingly to the principles of laissez-faire capitalism. Such radicalism as emerged formed an uneasy relationship with the Fabianist doctors and lawyers of the PNP, the sharper edges of whose working class memories had been eroded by the rewards of professional success, but who nevertheless had their main power source in the urban workforce.

Each of the major unions is affiliated to its respective political party and provides it both with voting and financial support, a circumstance which over-rides customary militancy with a strong element of competitive rivalry in industrial bargaining. But perhaps an equally important factor is that Jamaica's problems are all too readily identifiable and all too familiarly intractable: poverty and over-population, lack of education and opportunity, declining agricultural production, rising imports and a growing nationalism made more abrasive by the neo-colonialist suspicions which inevitably surround reliance on foreign investment and affluent white tourism.

Thus there were few courses open to Mr. Manley in his election campaign last year other than to go all-out on a somewhat generalised promise beyond the call of duty at the original party of middle-class

areas of discontent left by the JLP. At best, a traditionally close result had been predicted for the February, 1972, poll. In the event, he was swept to power with the biggest majority in Jamaican history.

### Current problems

The size of the victory seems to have been a surprise to the PNP and certainly the new men, especially the less experienced, have given every indication since assuming office that they have been taken aback by the pressures which the size of their victory has placed upon them to make tangible headway in tackling the problems they inherited.

Mr. Manley himself is quick to admit that they were taken somewhat by surprise by the magnitude of the tasks they face and the limitations of the resources with which practical politics provide them. It is arguable whether this may be interpreted to some extent as rationalisation in the light of hindsight. But his excuse that shortage of freelance intellectual power in Jamaica makes it impossible for a party in opposition to pre-analyse the country's problems in depth so as to be properly equipped to swing into concerted action upon taking office, should not be taken at face value.

It is a view that might not, for example, be entirely shared at the Mona campus of the University of the West Indies. But given the turbulent history of this institution since the mid-1960s (recorded more fully in the article on education), it does serve to demonstrate that the PNP remains only too comfortably in the radical roadstead beyond the call of duty at the present time. Thus at least the

darker fears of the conservatives in Jamaica would seem to be unjustified.

Indeed, one of the main criticisms levelled at Mr. Manley's administration is that so far it has tried to be all things to all men, so that the sincerity of its intention to make a "massive assault" on the domestic problems has been qualified in many eyes by an unsureness of touch. This has resulted in nervousness on the right, disappointment on the left and general dissatisfaction in the broad mass of the centre. A recent by-election in St. Anne's, however, demonstrated that there is no disaffection yet.

Mr. Manley has now set the April budget next year as the target date by which his programmes will be fully planned and presented to the public. He freely admits that inexperience has cost his administration a valuable year. But he says, "the thrust" (a popular PNP word) "will come from then."

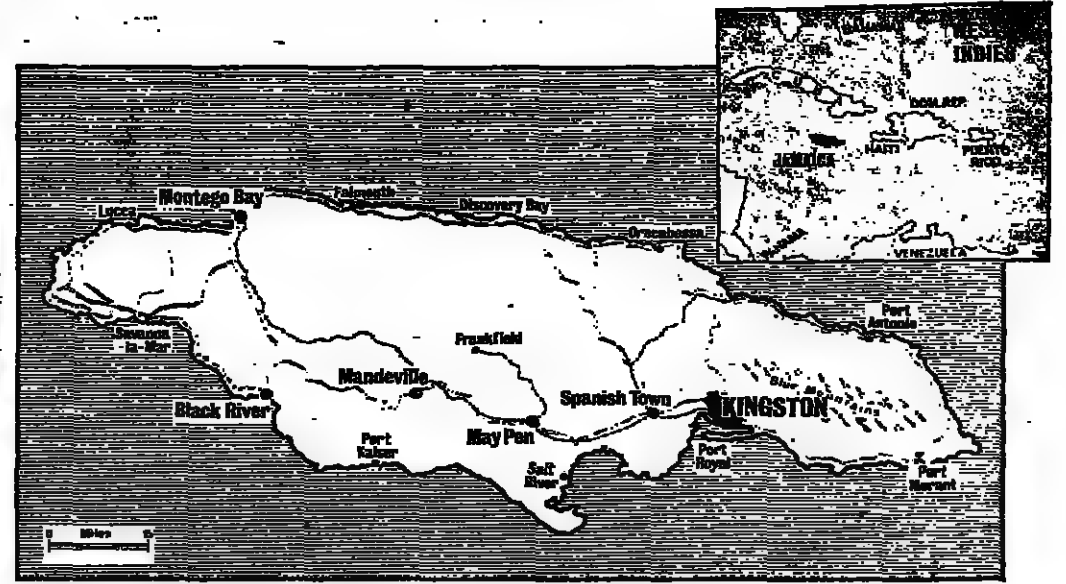
### Enough time

And he clearly believes that this will give him enough time before the run-up to the next election in 1975 or 1976 to put Jamaica firmly on the path to popular reform and simultaneously to revitalise both local and foreign development resources.

But time may prove to be the most scarce of the resources at his disposal. Certainly, the current situation in Jamaica can give him little cause for complacency. Apart from some arbitrary (and, some observers would say, impetuous and costly) decisions such as introduction of free education, pay rises of up to 50 per cent for the civil servants, police and

Continued on next page

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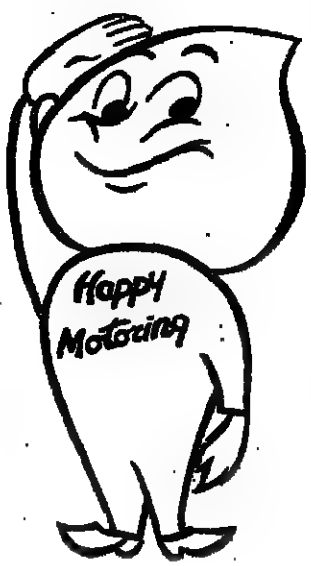






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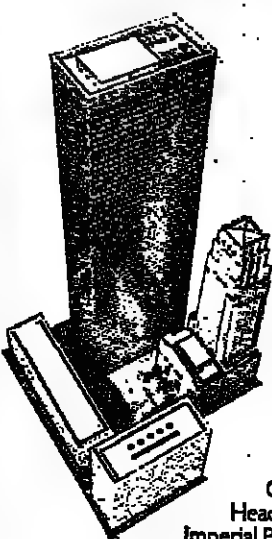


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## JAMAICA II

# The fight against inflation

By JOHN BRADLEY, Jamaica Correspondent

Since independence Jamaica's economy has shown impressive gains as measured by gross domestic product. Between 1963 and 1972 GDP rose by over 100 per cent. From \$3510m to \$311.58m. Per capita income growth was some 70 per cent to \$3515m. This is not a bad increase considering that Jamaica has a very high birth rate of 3.4 per cent.

In 1972, during the same period, the manufacturing sector doubled its output and the mining sector tripled; agriculture, however, increased by slightly over 50 per cent, which reflects one of the most disappointing aspects of Jamaica's economic development. The rapid overall growth rate has been achieved as the result of economic and social stability and heavy budgetary expenditure. Foreign investment has played an important role, particularly in the expansion of bauxite and alumina production. As a result of ten-year tax holidays and restrictions on imports of competing goods, numerous factories have been set up. More recently the advent of the Caribbean Free Trade Association, which has now become the Caribbean Common Market, has provided even greater stimulus to the manufacturing sector. The common market provides duty-free treatment on most manufactured goods originating within the region and will eventually include a common external tariff.

Although the private sector has been the basis of the country's economic development, the level of activity still has not been sufficient to make any significant contribution towards solving the unemployment situation which is considered as the nation's main problem. For instance, Government statistics show that in October 1969 the unemployment rate was 17.2 per cent. By April 1972 this had risen to 23.2 per cent.

Both the previous and the present Governments spent heavily to supplement expenditure and investment by the private sector. In 1972 Government expenditure in the fiscal year was estimated at some 31 per cent of GNP compared with 25.6 per cent in 1969. The cost of such heavy expenditure has been a large increase in the national debt.

One of the major problems areas has been that of the balance of payments. This deficit amounted to a record \$1160.7m in 1972. One of the reasons for the deficit is the heavy imports of capital goods for expansion of production. However, imports of consumer goods continue to increase alarmingly.

While imports have been increasing, exports have shown a very poor performance. For instance, in 1972 imports increased by 7.3 per cent, while exports increased by only 5.8 per cent. Bauxite and alumina accounted for some 65 per cent of total

exports in 1972. The traditional export crops have performed very badly. It should be noted that exports to Carifta increased impressively from \$7.8m in 1969 to \$117.1m in 1972. These are mainly manufactured goods.

Although Jamaica traditionally has a deficit on the current account of the balance of payments, capital inflows from the private sector and Government overseas borrowing have been sufficient to cover the deficit and produce a surplus in foreign exchange reserves. At the end of 1972 these stood at \$1101.2m.

The heavy inflow of foreign capital has tended to cover up a fundamental problem of the Jamaica economy: that consumption is much higher than the country can afford. Throughout the 1960s there was heavy foreign investment in bauxite and alumina, and to a lesser extent in tourism and manufacturing. There was a substantial increase in consumption which was met with an increase in imports rather than in local production. However, in 1972 the expansion of the bauxite and alumina industries began to come to an end as projects were completed. Whereas in 1971 foreign investment in this sector amounted to \$396m, by 1972 it had decreased to \$345m. The result was a substantial reduction in foreign capital inflows in 1972, but consumption continued at the previous high level. Consequently the Government found itself with rapidly

declining foreign exchange reserves. In January, 1973, the reserves were \$7138.4m and by October they had dropped to \$388.4m. Because of this situation steps were taken in October to cut back on consumption and to reduce the outflow of foreign exchange. Ceilings were placed on total commercial bank lending and particularly on lending to finance the imports of consumer goods. Import quotas were tightened and the administration of the exchange control law was also tightened in order to ensure that foreign assets were not siphoned off and kept outside the country, although the private sector complained that the credit restrictions were affecting the productive sectors.

The Government is now faced with a new situation. The 6.5 per cent devaluation in February plus sharply rising prices of imported goods have pressured prices. At the same time labour unions have demanded higher wages. Of special importance was an increase of some 50 per cent in wages paid in the bauxite sector earlier this year.

Due to budgetary commitments the Government found it impossible to continue with subsidies on most basic food items, and almost all of these were withdrawn in August. The result has been very large increases in food prices. There is no indication that unions will let up on their demands, and considerable production has been lost as the result of strikes.

Many of the current problems have been attributed to the present Government. However, it would be unfair not to realise that the previous Government failed to prevent some of the situations in which the present Government has found itself. For instance it was known that the investment in bauxite and alumina would decline, yet little effort was made to attract new investment to take its place or to warn the people that consumption would have to be cut. Before the elections in February, 1971, the previous Government had kept very tight controls on prices, and the lid had to fly off some time.

The new Government has announced its firm decision to solve the unemployment problem, but observers feel

that it may take many decades before significant strides are made in this direction. At least more interest is being shown in agriculture and firm steps are being taken to increase production and reduce dependence on imports. At the same time agriculture is a large employer of labour, and by putting emphasis on this sector the Government may be able to go a long way towards solving two of its major problems.

But one of the major problems facing the Government is that of getting additional foreign investment to take the place of the decline in investment in bauxite and alumina, since it will not long be able to fill the gap with budget deficits. It appears that the Government may have a hard time keeping within its budgetary commitments this financial year. A number of announcements of prospective investments have already been made, among which are the multi-million dollar oil refinery and the trans-shipment port facilities in Kingston. Steps will also have to be taken to build up private sector confidence in government policies. There has been a certain amount of apprehension about Government policy due to misinterpretations about the direction economic development will take. The Government has indicated that it wants to participate more in the private sector, and in several cases, such as the cement factory, has actually become part owner. This has been interpreted by some as meaning that the Government plans to change the pattern of ownership in the country, and some investors have been hesitant to invest. Prime Minister Manley, however, has assured everyone that Government is strongly in favour of private enterprise. The first change of Government after independence must cause some uncertainty. The previous Government was not able to solve the nation's problem, although much was accomplished. Therefore it is felt that the new Government should be given a chance to see what it can do before it is too severely criticised.

CONTINUED FROM PREVIOUS PAGE

## Crisis of confidence

army, and the curbing of luxury imports, Jamaica still awaits co-ordinated action on the problem areas, most of which are still "under study."

And in some ways, the Government seems to have unnecessarily courted a certain amount of unpopularity by closing down the national lottery and cutting food subsidies by \$1m a month.

Inflation is estimated currently to be running at 20 per cent annually and while much of this can be traced to the effects of the general rise in world prices, local disaffections, manifested in serious industrial unrest, also play a large part. A measure of the seriousness of this problem is the long series of 30-40 per cent pay rises which have been awarded to mollify angry workers.

Shortages of consumer goods, some caused by local industrial action, others by rising prices and restriction of imports, are

bringing discontent. A local columnist recently celebrated the situation thus: "The island where the rum comes from has now triumphantly managed to achieve a rum shortage, a feat of virtuosity not even exceeded by our successful attempts at a shortage of sugar. We are now seriously short of the following: rum, sugar, bully beef, bread, vegetables, electricity, telephones, soap, cooking oil, margarine and, last but not least, intelligence and money."

More fundamentally, perhaps, the Government is under withering fire from the opposition, which suspects that it is running down the country's reserves and causing a crisis of confidence overseas, which is drying up loan funds needed to meet the Budget deficit. And while the administration appeared to get the better of recent public exchanges on the subject, business opinion remains convinced that the true financial position will be shown to have worsened by the time it can be properly assessed in next April's budget.

### Main objective

Mr. Manley quite rightly sees the Government's main economic objective as the obtaining of an improvement in Jamaica's terms of trade and plans vigorous efforts in this regard. But this is at best a long-term prospect, as every other leader of a primary producing country knows, and in the meantime Jamaica's basic problems will not go away by themselves.

The Government has taken the orthodox line in calling for increased agricultural production as the best hope for a sustained turnaround in the economy. But the basic requirement for this would be a land reform programme that few Jamaicans would be able to stomach and which would probably further frighten foreign capital. It would also require erasure of the historical stigma attached to field labour, particularly in the sugar industry, and call for an equally unlikely level of co-operative spirit among the multitude of smallholders.

In the meantime, there is controversy over the Government's estimates of revenue, particularly in respect of a new property and land tax. The Government admits that an administrative blunder has resulted in a slowing down of receipts from this imposition, but refutes suggestions that deratigns and exceptions which this error has caused will be a markedly reduce the total intake. At the same time, recurrent expenditure has been sharply boosted, first by a \$35m. crash employment programme (which had little effect), by the decision to introduce free schooling from next year and by the heavy round of pay increases in the public service.

Many in this sector, in particular civil servants, had not had an increase for five years at the time the PNP took office, and the party admits to finding the service, as a result, moody and lethargic. A rapid improvement in this situation was thus vital for the Government to be able to tackle the more immediate of the country's problems in the inter-related areas of employment, education, crime and the tourist industry.

Unemployment is still running at between 20 and 30 per cent of the workforce, and the unskilled continue to pour into Kingston from the rural areas with little hope of a job or a sparing the rod may not be the home. This is the economic only way to spoil the child.

root of Jamaica's serious crime wave, which persists despite draconian new laws introduced by the PNP Government. There are signs that local crime is becoming more organised and more closely allied to the ganja (marijuana) traffic to the U.S. (Ganja traffickers are finding it is often more profitable to be paid for their pot with guns rather than cash. A gun, after all, can be used to hold up a bank or a store. A recent trend lending credence to higher organisational methods has been the increasing number of murders of witnesses.) Gratuitous ignition of looted premises is now a common indicator of the bitterness of many who are forced into crime.

Tourism is Jamaica's biggest money spinner after bauxite and alumina, and while the number of tourists continues to increase, the rate of increase is falling. Some of the blame for this is put at the door of Jamaica's criminals, but a contributory factor is loss of repeat business in reaction to evidence of the natural resentment which the uninhibited display of great wealth arouses in poor islanders.

The Government recognises this and has instituted a programme to educate both Jamaicans and their visitors towards a better relationship. Its success is important, not only because of the falling revenue projections from this important source, but because a programme to encourage hotel building is now coming to fruition with a resultant reduction in bed occupancy rates. Since most of the hotel industry is foreign-owned, Jamaicans not only fear the loss of revenue that this entails but also that it will be cited as one more example to potential investors in other fields of how performance can fail to match promise as a result of unpredictable local social factors.

### Oil refinery

The importance of maintaining this reliance on the country is placing for a resurgence of industrial capital investment on the project for construction of a major oil refinery launched by the previous administration. The project is described in detail in another article in this survey, but it is intended to be the magnet which will attract a variety of new industries in the aluminium and petrochemical fields especially.

To sum up, Jamaica in its 11th year of independence is a country beset with serious problems of a character not unfamiliar in the underdeveloped nations. Fundamentally, the solutions lie within its own grasp. It must find a way (which it hardly needs saying, has eluded most other similar states) to revive its agriculture to provide more food and work for its people and improve its export figures. To do this, of course, it needs a more sympathetic attitude from its developed trading partners. But in this endeavour it is shackled most heavily by historical stigmas.

In the meantime, external factors are sharpening the cutting edge of domestic dissipation. Mr. Manley reposes great hope in the dynamism of the ordinary Jamaican, and that this exists cannot be denied. But the achievements he seeks and urgently needs will not come without brave and decisive leadership. His dilemma is that with little hope of a job or a sparing the rod may not be the home. This is the economic only way to spoil the child.

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# JAMAICA III

## Slow progress on the farm

JOHN BRADLEY

all the efforts which have been made to develop the economy, those which produced the least results have been in the agricultural sector. The main reason is successive governments have failed to take a completely long-term view of the basic problems to formulate plans involving fundamental changes where necessary. In most cases, governments have waited for a crisis to develop before looking for a solution, and then the solution has only been for that crisis. The fact is that agriculture has been looked upon as one of the desirable forms of economic activity by the average Jamaican. Much more prestige is attached to factory and office work and each year thousands of young people migrate to the areas looking for these which do not exist in the rural areas. Just how the younger generation feels about agriculture and rural life can be seen from the fact that those who are sent to the urban centres cannot find jobs and are sent back to the country, with the result that slum areas and the crime in the cities are growing. Those travelling through the countryside realise that one of the exodus is the lack of infrastructure and social facilities. There are still many areas which are without electricity and most are being worked by men 45 years of age. The reason that the young people are leaving the land, and unless this is stopped the agricultural problem will become even more serious. Statistics show that between 1963 and 1972, the contribution of agriculture to GDP increased by 54 per cent. During the same period, the total GDP increased by over 100 per cent; manufacturing by 110 per cent; mining by 200 per cent. This clearly shows that attempts to increase production have been unsuccessful. A breakdown of production in the same period, however, shows that the value of agricultural production for export actually declined from \$434.6m. to \$327.6m. This is due mainly to sugar

and bananas. Production for domestic consumption increased by 50 per cent from \$318.4m. to \$476.6m.; and livestock by 75 per cent from \$39.8m. to \$69.6m. The performance of export agriculture as demonstrated by the figures has been poor in spite of the existence of guaranteed markets. Only recently the sugar quota to the U.S. was cut drastically because Jamaica and the West Indies have been unable to meet their quota during the past two years. Jamaica's sugar production over the past five years has averaged 366,000 tons, compared with 477,000 tons in the five previous years. Since 1970, Jamaica has not been able to ship a single ton of sugar to the Canadian market. Granted the Canadian market is not as lucrative as the British and American markets, but the price paid is the world market price, plus a Commonwealth preference.

### Banana industry

The performance of the banana industry has been similar to that of sugar. The British Government has allowed Jamaica and the Windward Islands to rationalise the market for bananas in order to maintain a remunerative price for both. It is estimated that Jamaica could sell some 200,000 tons a year in the British market at remunerative prices. Figures show that exports last year totalled 137,000 tons, which represents a drop from the 153,000 tons in 1968. In other words, in spite of efforts to increase production, there has actually been a substantial decrease. Even if production is increased, it may be that shipments will not rise much because the rapid increase in the cost of living in Jamaica is making people turn more and more to the consumption of locally-produced bananas to ease dependence on highly-priced imported goods. The poor performance of production for domestic consumption has occurred, like export agriculture, in the face of lucrative markets. Import statistics indicate that, while domestic agricultural production increased by only 50 per cent between 1963 and 1972, food imports increased by over 100 per cent. These imports in 1972

totalled \$371.3m, while domestic production, including livestock and fishing, totalled \$374.6m. It should also be pointed out that there exist large overseas markets for fruit and vegetables, especially among the thousands of Jamaicans resident in the U.K., the U.S. and Canada.

There are many reasons why the agricultural sector has not performed as well as the rest of the economy. For one thing, farms are too small and the methods of cultivation have been handed down for generations. The "Census of Agriculture," 1968-69, shows that there were a total of 193,359 farms throughout the island with a total of 1.5m. acres. Of this total a number of farms, some 52,796, were less than one acre in size, and 93,961 between one and five acres. These farms are usually too small to produce on an efficient scale. In many instances it is a sheer impossibility to reach the farmers with information about crops and methods of production. This is one of the problems confronting the banana industry where there are 12,929 farms from one to under five acres. For years the Jamaica Banana Board has been trying to increase productivity, however, yield is only about an average of 1½ tons per acre, compared with 15 tons in some of the Central American banana producing countries.

Another major problem is the scarcity of labour. It is difficult to understand how, in a country with upwards of 22 per cent unemployment, there could be a shortage of labour. However, as was pointed out before, agriculture is considered as a very undesirable means of earning a living. Factors which have held back production for domestic consumption are the lack of adequate storing facilities and the difficulty in getting produce to the market. The Agricultural Marketing Corporation has been set up to help in distribution and in some cases to offer minimum prices. However, the Corporation has to deal with a very large number of small farmers who will flood the Corporation with produce when the guaranteed price is higher than the average market price, but who will sell their products directly when the market price is higher.

Statistics, however, show that the AMC is steadily increasing the total volume of purchases over the years, and is becoming a more important force in the agricultural sector.

Of increasing importance is the cattle industry. Many sugar growers have turned their land into pasture, and the production of cattle has increased in the past decade. Some cattle raisers say there is no more money to be made than in sugar, but that there is less problem with labour and with disposing of production. An American entrepreneur, Mr. John Connolly, is undertaking a very large livestock development in the

western section of the island and it has already been announced that shares will be sold to the public. Perhaps this will create more interest in the agricultural sector.

In all fairness, it should be pointed out that good land is scarce in Jamaica, and a great deal of acreage has been purchased by foreigners and locals with a view to speculation. The previous Government set up a Land Utilisation Commission to look into these land holdings and to force the owners to put it into production or sell it to the Government. The present Government has increased land taxes with a view to enforcing

better use of the land. Some Food Farms and project Self Help. Under the former, the Government plans to produce a wide range of crops on some 50,000 acres on 18 properties scattered over the island during a period of three years. Project Self Help is the continuation of the Self-Supporting Farmer's Development Programme started by the previous Government. Loan assistance amounting to some \$15m. will be made to farmers over the next five years. Obviously it is too soon to judge the success of these three projects, especially since the main reaping season for domestic food crops occurs about now. However, it has been reported that some 5,200 tons of domestic food crops are expected from the 1,770 acres of land which have been put into cultivation under project Land Lease. New land is being planted at the rate of 80 acres per week. Therefore, it would seem that progress is being made. At least this is the first real attempt in Jamaica to get to grips with the situation. What is needed now is the same kind of determination in export agriculture.

tries will only incur larger losses, with the exception of sugar sales to the U.S. In order to keep the sugar industry from almost total collapse, Prime Minister Manley announced a few days ago that the Government would guarantee \$3155 a ton for sugar produced in the 1974 crop. At the same time, the Government is working closely with the sugar industry to increase production from the average of 366,000 tons yearly during the past five years to 450,000 tons.

### Labour shortages

But remunerative prices is only one aspect of the export crop situation. Without exception, planting and harvesting are hampered by labour shortages. Because of low wages and a general atmosphere of animosity towards agriculture, Jamaican workers tend to drift away from this type of employment. In the case of sugar, the introduction of mechanisation in reaping and loading has resulted in excess quantities of extraneous matter from the fields, such as wood, stones, etc., resulting in higher costs and machinery damage.

In order to exercise more control over the industry, a "super sugar manufacturing company," the Jamaica Sugar Manufacturing Corporation, in which all sugar producers are shareholders, was formed earlier this year. The Government is currently formulating a five-year rehabilitation programme based on a study made by Sir Arthur Lewis and a team of sugar experts. It also appears that Jamaica is looking into the possibility of learning techniques from Cuba.

In the banana industry, ambitious plans to increase efficiency and production have been announced. Earlier this year, the Jamaica Banana Board initiated a four-part development programme which includes fertiliser application; nematode and borer control; replanting of run-down fields; and new plantings zoned for banana production. There is also a citrus expansion scheme which brings in producers as small as one acre.

The question which remains is whether the export agricultural sector will respond to the various Government programmes. It is evident that guaranteed markets and prices have not been the answer, and some observers feel that if Government offers too many subsidies and guarantees in its new programmes, the industry will only grow more inefficient. Yet, it is evident that this Government will try anything to get export production up again. It may be a problem of trial and error, but at least attempts are being made to find solutions.

## Export crops decline

By JOHN BRADLEY

Perhaps no other sector of Jamaica's economy has had so much incentive to produce, and yet has performed so badly, as export agriculture.

Between 1963 and 1972, the total value of agricultural exports declined from \$467.4m. to \$327.6m. This decline, amazingly enough, took place in the face of guaranteed markets for two of the island's main export crops: sugar and bananas. Statistics for the same period show that the value of sugar exports declined from \$346.8m. to \$233.7m. This decline was in spite of the fact that the average price increased from \$108 to \$122.4 per ton. The difference is the result of a decline in exports from 394,213 tons to 275,644 tons. In the case of bananas, the value of exports declined marginally from \$12m. to \$11.9m.; but the volume declined considerably from 174,000 to 137,000 tons. The value of citrus exports also fell from \$38m. to \$34.2m. These three export crops account for approximately 78 per cent of total agricultural exports.

As already mentioned, these declines took place in spite of ample markets and rising prices. Jamaica has a quota under the Commonwealth Sugar Agreement, the United States Sugar Act, and can export to the Canadian market at world market prices, plus a Commonwealth preference. In order to help its two major banana suppliers, the British Government has allowed Jamaica and the Windward Islands to rationalise the market and maintain remunerative prices. It is estimated that Jamaica could easily export 200,000 tons of fruit to the British market; yet production has steadily declined and is nowhere near that quantity. Jamaican citrus products receive preferential tariff treatment, which represents a real advantage, but production has not been sufficient to allow producers to take advantage of the market.

The inability of Jamaican producers to increase production and supply the traditional markets has created a number of very serious problems, which eventually could have serious effects on employment and income. With the expiration of the Commonwealth Sugar Agreement in 1974, Jamaica, as well as other Commonwealth sugar producers, faces a difficult situation regarding a quota in the European Economic Community. Although the British Government has assured producers that she will look after their interests, there are strong moves in some Commonwealth countries, such as France, to increase output. For this reason, Jamaica (and the rest of the West Indies) has been desperately trying to make a good showing and fill the British quota. The result is that exports to the U.S. have fallen in the past two years, and the West Indies, of which Jamaica is the largest producer, is faced with severe reductions in the American quota. The U.S. Department of Agriculture recently informed the West Indies that its quota of 220,000 short tons would be reduced to 22,808 tons in 1974, although this was subsequently raised to some 40,000 tons. There have been no exports to Canada in the past three years.

### Unable to compete

Jamaica now fears that Commonwealth sugar producers who want a piece of the British market will claim that a reduction in Commonwealth sugar quotas will not damage the economies of regions such as the West Indies because of their inability to fill the American quota.

In the case of bananas, Jamaican producers fear that they will not be able to compete with traditional banana suppliers to the Commonwealth countries, and that they

could lose a substantial part of the market. In the case of citrus, unless tariff preferences are maintained for Jamaican exports by Britain as a member of the Common Market, Jamaica could lose out to the competition.

One of the major problems with Jamaica's export agriculture is that the various sectors have existed under an umbrella of protection and, as a result, have developed into inefficient and high-cost producers. Some banana producers in Jamaica claim that the industry cannot survive unless the price paid is raised to some 40,000 tons. The average price in 1972 was \$177 per ton. The cost of production of sugar seems to be around \$2155 a ton, while the price received in the British market under the Commonwealth Sugar Agreement is around \$1225 a ton. If negotiations with the Commonwealth Market are successful, Jamaica will probably receive about \$1150 per ton, which is still below what producers want. The price presently received in the American market is about \$3155 a ton.

Therefore, the reality of the situation is that, according to cost estimates by producers, even if production of sugar and bananas increases, the industry

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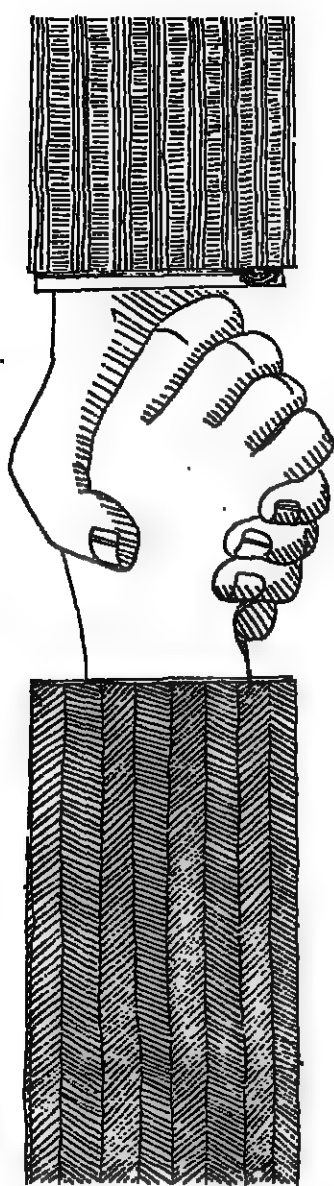
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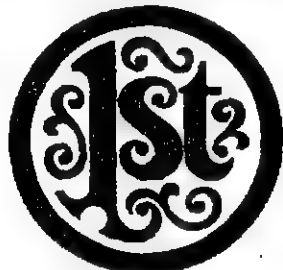
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## JAMAICA IV

# Banking growth in step with economic expansion

By JOHN BRADLEY

Jamaica's banking sector has played a very important role in the economic development of the country. Most observers agree that the continued expansion of the commercial banks has kept pace with the requirements of the economy, which has been expanding at a very rapid rate since independence.

One favourable factor has been that all the commercial banks, with the exception of the recently established Workers Bank, are in reality branches of large overseas banks. This means that the banks operating in Jamaica had and still have access to the experience and resources of very large international banks. This is one reason why the financial sector has reached the degree of sophistication enjoyed to-day, while this strong connection with the overseas head office has been a definite advantage to the banking sector.

The sector has come in for a great deal of criticism in recent years. Because of this all commercial banks operating in Jamaica have either become Jamaicaised or have announced their decision to do so. In every case shares have been offered to the public, and usually there has been little problem in getting the public to subscribe.

This process of "Jamaicanisation," which began with the island's largest commercial bank, the Bank of Nova Scotia, has been strongly encouraged by the Government and the Bank of Jamaica as a means of bringing the commercial banks more under the control of the monetary authorities and also as a means of answering the criticisms of the more nationalistic elements. To be truthful, however, it must be pointed out that public relations gesture. The governor of the Bank of Jamaica, the Hon. G. Arthur Brown, feels that the Jamaicaisation of the banking sector, which in his words "has continued successfully over the past four years," has demonstrated that such a policy is viable.

### Credit facilities

The rapid growth of the banking sector has been on the basis of keen competition and the offering of a never-ending variety of credit facilities and services. A few years ago consumer lending was frowned upon. To-day all banks are in keen competition in this type of business and more efforts are being made to get the business of the man in the street. For instance, personal loans and advances increased from \$351.5m. in December, 1970, to \$387.1m. in June, 1973. At that time this type of loan and advance represented 93 per cent. of the total.

In October, 1972, the Bank of Jamaica, in the face of rapidly declining foreign exchange reserves and rapidly rising imports, placed a ceiling on bank lending for the purchase of imported consumer goods. The keen competition among the commercial banks has perpetuated the system of overdrafts which the Bank of Jamaica does not consider as healthy. Over the years Jamaica's commercial banks have come to use overdrafts instead of term loans. The result is that the businessman has come to consider the

overdraft as almost a permanent loan. The commercial banks often find that they have difficulty in reducing overdraft limits, not only because the business is unable to manage with a lower overdraft but also because competition between banks is so keen that the customer may take his business elsewhere. However, the Bank of Jamaica has decided that the use of the overdraft to finance business transactions must go and it is only a matter of time before it will be replaced by term loans. There is a strong probability that overdraft facilities for individuals will be allowed to continue.

One of the most spectacular developments in the financial sector has been the proliferation of merchant banks and trust companies. The establishment of these institutions was strongly encouraged by the government as a means of providing sources of medium- and long-term financing as well as management services to supplement the role of the commercial banks. It was felt that the merchant banks in particular would be able to underwrite new security issues, promote large investment projects and offer investment management services.

Developments indicate that the merchant banks and trust companies have not performed their traditional functions but instead have gone into competition with the commercial banks. Statistics published on November 6 by the Bank of Jamaica showed that their assets had grown from \$16.7m. in January, 1971, to \$128m. at the end of September, 1973. There was a growth of some

100 per cent. between September, 1972, and September, 1973. In the same period loans and advances increased by 110 per cent. The statistics further showed that loans under 12 months accounted for 52 per cent. of the total assets of \$128m. Capital accounted for \$43m., local deposits for \$79.3m., other local receipts for \$10.9m. and overseas loans for \$20m. Whereas loans and advances of the merchant banks increased by 110 per cent. between September, 1972, and September, 1973, commercial banks increased by only 13 per cent. Deposits in the merchant banks and trust companies between January 1, 1973, and September 30, 1973, increased by 76 per cent. while the commercial banks only increased theirs by 13.5 per cent.

The bank of Jamaica has also found that commercial banks were lending each other funds which under the law are considered as liquid assets. Thus commercial banks were holding statutory liquidity with other banks and were not holding sufficient Treasury bills. Also the borrowing bank could expand lending in order to curb this practice. The Bank of Jamaica has said that all short-term loans between banks will be included in the credit ceiling and must be recorded and treated as deposits by both paying and receiving bank. At the same time all interest rate controls on time deposits have been abolished in order to put the commercial banks in a more competitive position compared with the merchant banks. The commercial banks can now lend to non-prime borrowers at any interest rate determined by supply and demand. Also Treasury bill prices have been reduced by the Bank of Jamaica by offering to sell at a discount.

These banking and non-banking practices and the measures taken by the Bank of Jamaica indicate the degree of sophistication achieved in Jamaica, it just a few years. It is evident that by introducing new measures the Bank of Jamaica has become more active in the use of monetary policy and this trend is expected to continue.

### Non-liquid

It is thus evident that the non-banking institutions have been competing with the commercial banks for deposits and short-term loans. This was not a serious situation until around July, when the commercial banks found themselves in a very non-liquid situation. The Bank of Jamaica has now stepped in and regulated the lending policies of the merchant banks and trust companies by limiting loans in the personal and distributive categories and loans of 12 months or less. The banks cannot now on accept deposits on call or demand for seven days or less, and a limit of 5 per cent. is placed on the rate which these institutions may pay on deposits

## Education needs investment

By JOHN LEECH

"When you take the situation of the Jamaican child to-day at 15, they stand in their ranks facing a hostile world... a world in which without skills you will perish. (They) are coming out of desperately crowded primary schools. In spite of all we have tried to do, if they learn anything it is by sheer application and sheer assiduousness because of the overwhelming pupil/teacher ratio."

"The classrooms are overcrowded. The children very often come from slum areas where there is total collapse. There is often no mother to provide economic security and a little help with their schoolwork. They leave home for a school that is overcrowded and at the age of 15 they leave that school with little training and no skill—and we dare to boast about what we have done in Jamaica!"

The words are those of Mr. Michael Manley, Jamaica's Prime Minister, speaking in the 1973 Budget debate in the House of Assembly on May 2 this year. He was announcing details of a desperately-needed new educational programme without which, he told the House, there was little hope of solving the island's crime and unemployment problems.

### Family planning

Jamaica has a population over more than 1.9m. people, more than half of whom are under 25, and it grew in 1972 at twice the rate of 1971 despite a family planning programme that has been greatly extended in recent years. More than 500,000 Jamaicans are adult functional illiterates, and there are some 415,000 battling through school on a shift system, up to 80 or 70 in a class, in ageing buildings with poor facilities, and half of whose staff are inadequately trained.

Some 60,000 new enrolments are recorded every year, and of each new intake only about 9,000 can hope or expect to go beyond primary level. The drop-outs are not the victims of academic inferiority. Many more would go forward if adequate teaching were available and still more if secondary education and higher did not require uniforms and fees.

Jamaica inherited a typically British colonial educational system, academically oriented and geared to the needs and aspirations of the middle class. Private schools exist side by side with state establishments, and it is the former that have gradually assumed the mantle of educating the middle class as the state system has been overwhelmed by sheer numbers.

In the opinion of Mr. Manley's administration, the reduction of the educational system to its present arithmetic condition is the result of complacency of the previous administration which had, he said, "squandered" the first ten years of independence in this regard.

### Worst example

That there is more than polemical justification for this claim is perhaps demonstrated by a comparison with the Central African state of Zambia, the worst example of the British colonial educational heritage in Black Africa. Coming to independence two years after Jamaica with only a handful of graduates (Jamaica, with less than half the population, at that time had 220), Zambia has increased the number of its secondary schools seven times over, raised its primary school population from a few thousand to near half a million in average classes of 35 each, built a university with a student body of 3,000 and still has some 3,000 expatriate secondary school teachers in addition to Zambians working in its system.

This is a serious indictment of the Jamaican administration, and when Mr. Manley says that the island is "fighting for its life" in educational terms he is not exaggerating. Thus strong emphasis on improving the situation was laid both in the PNF's election platform and in the two subsequent budgets.

Since the new administration came to power, expenditure on education has been increased from \$149m. to \$763m., and total expenditure on education and training this year will be \$880m., with a further \$42m. for literacy training.

But this considerably improved figure still represents less than 12 per cent. of total budgetary expenditure. The otherwise undetailed "other services" item in the expenditure list accompanying the Budget amounts to more than \$172m. and Jamaica annually imports some \$171m. worth of food, much of it luxuries needed for the tourist trade.

Against this background, educationists in Jamaica may be forgiven if they express the view that the new government, despite its assurances, has so far given more evidence of its sympathy with the underlying problems of the sector than of its will to bring about rapid improvement.

The two main prongs of its declared policy of attack, while appealing to have popular appeal, seem in danger of adding to rather than detracting from the system's afflictions, at least in the short run. Raising of the school-leaving age from 15 to 17 will be accompanied by the introduction of

completely free secondary education. This programme will be backed up by—indeed will rely upon—the introduction of national service in which those receiving free education will be required to volunteer to teach others. The bias will be turned away from academic to vocational training.

Jamaica's school system at present consists of some 800 primary and all-age schools of varying sizes, 68 junior high schools, 42-45 high schools, five teacher training colleges, a college of arts, science and technology and the University of the West Indies.

No major school construction programme is yet in sight. The existing teacher training colleges turn out some 1,000 teachers a year, and the major prop of the new programme is to be a new TTC, whose first stage will have an output of 300 annually, rising to 500 later.

### Vicious circle

The national service system, which will also apply to the UWI when free education is introduced at the Mona campus, will augment this output, of course, but there seems little hope of the new scheme breaking the vicious circle that is causing the biggest problem of all to the Jamaican educational system: because there is a chronic shortage of teachers, class sizes are enormous and individual attention is thus at a premium; because trained teachers are supplemented by the untrained, largely drawn from among older pupils, the quality of discipline, instruction and motivation leaves something to be desired; and largely for these reasons, the drop-out rate and examination failure percentage is high, particularly at Ordinary and Advanced levels, where it reaches up to 50 per cent. And so the circle turns.

Jamaica receives little or no external aid for its educational system. Indeed, the country is not very reliant on outside aid at all. Britain, for example, provided only £22m. to Jamaica in grants and technical assistance and £4m. in loans between 1945 and 1967. There are only 125 British experts serving in Jamaica, and of this figure 43 are VSOs. Current British assistance on technical assistance is \$300,000 annually, by no means all in the educational field.

Jamaica must thus rely largely on its own resources to improve its educational system and give it the sharp impetus and direction it clearly needs. Perhaps the best asset it has available at the moment is the dynamism of its new Minister of Education, Mr. Eli Matalon. It is to him that both

Jamaicans in general must look to provide this new direction as part of the co-ordinated economic plan which Mr. Manley is to introduce with next year's Budget to make good on his promise to supplant rhetoric with action in Jamaican politics.

In this task he will have plenty on his hands without academic and administrative responsibility for Jamaica's only seat of higher learning, the work of non-academic staff at Mona Campus of the University of the West Indies which does not come within the scope of his portfolio. The university has been going through an extremely turbulent period over recent years, and its future charter and ordinances and course at present lies largely in

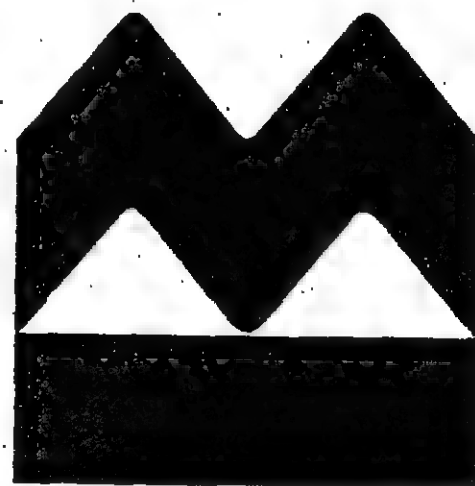
the hands of a commission of inquiry.

The one-man commission, in the shape of Sir Allen Lewis former Chief Justice of the Associated States, recently concluded its hearings at the Mona Campus. The inquiry was instituted to investigate the causes and extent of the disruption of

work at the campus during a strike of non-academic staff in Mona in October last year.

But his terms of reference also called upon him to consider the university's position in the light of this and other previous disturbances, the extremely turbulent period over recent years, and its future charter and ordinances and course at present lies largely in

Continued on next page



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AMAICA V

# Industry favoured against agriculture

by JOHN LEECH

Jamaica has an employed labour force of between 625,000 and 650,000 and beside them ranked somewhere between 1,000 and 200,000 unemployed. Taining of exact and up-to-date figures, even given Jamaica's active Statistical Department, is made difficult by worker mobility and the long urban drift.

If the calculations most often cited by the civil service are correct — that is to say as a percentage of the total available pool of labour — the unemployed represent something or 22 per cent. If however a more realistic comparison of employed to unemployed is made, the level of joblessness is more of the order of 28 or 30 per cent.

This is Jamaica's most urgent economic and political problem. Never lacking recognition at all levels as a time-bomb with additional explosive material in the form of illiteracy and lack of training and opportunity, it is one whose fuse, already recently sparking violence in the streets, is being rapidly shortened by a wrenching rise in the cost of living. Inflation is estimated to be running at 20 per cent this year. Jamaica and among them are badly affected have been a wide range of essential consumer goods including basic foodstuffs.

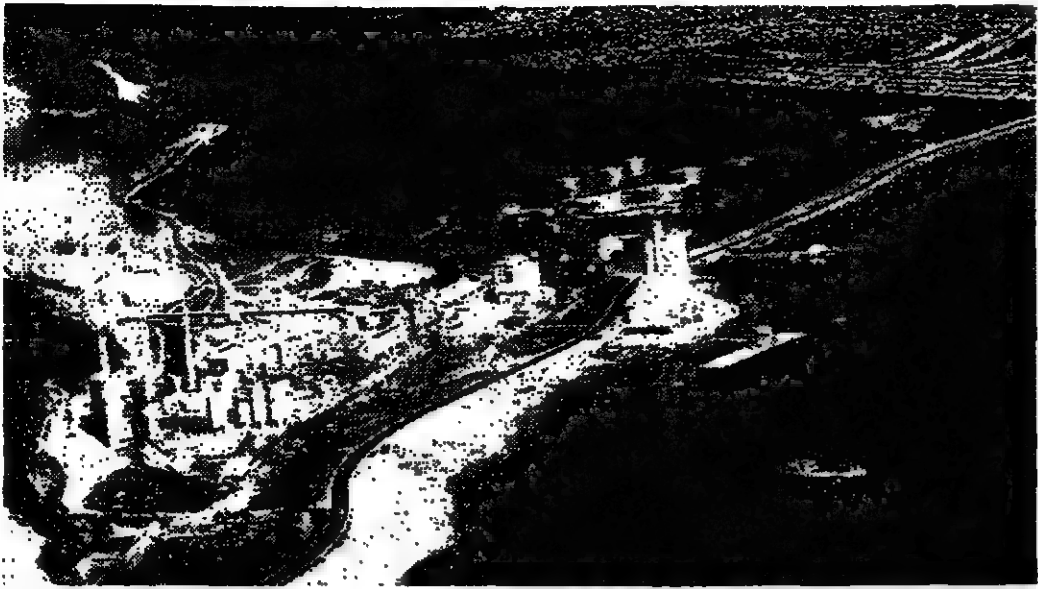
## Union groups

This has had the further effect of increasing already serious dissatisfaction of those fortunate enough to have employment. Industrial relations in Jamaica have long been marked by a level of militancy which would surprise British trade unionists. In some measure, these excesses stem from the competition for membership between the two major union groups, the Boustany Industrial Trades Union and the National Workers' Union, who are almost equal in strength and which, respectively provide voters and funds for the Jamaica Labour Party opposition and the People's National Party government.

Also playing its part is nationalism and a growing disillusion among the working class that while inflation may be hitting them hard it is also, as has been seen elsewhere, resulting in increased company profits.

But the underlying cause of both the militancy and the unemployment is inflation and thus to-day's heavy unemployment level. But there are still those in Jamaica, notable among them Mr. Robert Lightbourne, architect of Jamaica's industrial development and fervent missionary for industry, who see in manufacturing the greatest hope for a swift solution of these problems. Mr. Lightbourne was Minister for Industry in the former JLP Government but left the party after last year's election and now sits as an independent. He continues, with considerable moral support from the industrial establishment, to campaign for the view that Jamaica's Government with less and less fiscal capacity to prime the economy and thus help to create more work.

Jamaica seems never to have been able wholly to accept the self-evident truth that it is, by the measure of climate, quater



An aerial view of the Caribbean Cement Factory at the eastern end of Kingston.

geography and resource, primarily an agricultural and not an industrial economy; that if this sector were flourishing it could feed, if not clothe, itself, provide a basic living for most of its people and earn enough through exports to form the basis of a sound economy.

The country's first (and only) Five-Year Plan, published in 1963, gave a cursory nod in the direction of agricultural development but laid its emphasis on the growth of mining and manufacturing. There are clear historical reasons for this inhibition. The stigma of slavery remains strong to this day and all Jamaicans nurture an innate desire to "trade up" the social scale, away from association with field labour. Many will, for example, happily go and cut cane in Florida (where, although the pay may be better, conditions in the burnt field system are far worse) when they would not dream of doing it in Jamaica where their neighbours would see them.

And certainly, the Plan's objectives in the mining and manufacturing sectors have been largely fulfilled, so that the island now has a flourishing bauxite and alumina industry and a wide range of secondary manufacturing establishments. That industry alone, however, has signally failed to bring general prosperity as is only too evident, as is the extent to which it has helped to encourage urban drift and thus to-day's heavy unemployment level.

But there are still those in Jamaica, notable among them Mr. Robert Lightbourne, architect of Jamaica's industrial development and fervent missionary for industry, who see in manufacturing the greatest hope for a swift solution of these problems. Mr. Lightbourne was Minister for Industry in the former JLP Government but left the party after last year's election and now sits as an independent. He continues, with considerable moral support from the industrial establishment, to campaign for the view that Jamaica's Government with less and less fiscal capacity to prime the economy and thus help to create more work.

Jamaica should thus, this school believes, go all out to develop further as a manufacturing State by opening its borders more liberally to outside skills for training purposes and carefully choosing industrial areas in which it can compete, particularly in the European market. Jamaica should, says Mr. Lightbourne, learn from Britain's example, the lesson of whose experience he characterises as: if you cannot produce something, trade in it. And he visualises a rosy future for the country in such spheres as specialised engineering as well as such imaginative projects as a process for extracting iron from the red mud residue of bauxite.

## All too plain

For Mr. Manley's government, however, the issues are not so clearcut or so simple. The lessons of the neglect of the agricultural sector over the years are all too plain to see, both in human and economic terms. The administration has, therefore, made agriculture a prime objective of its economic development programme and is on the point of producing the results of a survey which will recommend the course to be taken.

This is not to say, however, that industry is to be neglected. It is intended to maintain the impetus towards industrial development largely inherited from the previous government. Over the years, largely through the efforts of an extremely active Industrial Development Corporation, backed by the Jamaica Development Bank and a set of attractive incentive schemes, the contribution of manufacturing to Jamaica's GDP has reached 14 per cent. As a result, although there are still opportunities, particularly in the food processing field, and a revised incentive scheme is being worked out to harmonise with the remainder of Carecom to which Jamaica now belongs, the gaps in secondary industry have been largely filled.

The main hope for further

industrial development continues to lie in the new oil refinery which Mr. Lightbourne planned when in office. This project and its associated port development are dealt with more fully in a separate article in this survey.

Apart from its attractions as an export industry in itself, the \$350m. refinery is to provide Jamaica with a percentage of its output as a premium rate and herein lies its fundamental reason d'être for Jamaica. This cheaper fuel is intended for use in a major new thermal power station with which Jamaica hopes to be able to encourage development of an aluminium smelting industry and new enterprises in the petrochemical field.

What is not clear at this stage is what effect, if any, the changes in the oil supply and price position resulting from the Middle East crisis will have on the viability of the scheme. What is also doubtful is that the projected complex will have a marked effect on the unemployment problem. There will undoubtedly be some scope for port and marine workers, but modern refineries, power stations and smelters are not notably labour-intensive.

## Labour record

Given Jamaica's labour relations record, the attraction of labour-intensive industries to the island has a major hurdle to overcome, although the Government is working on a prices and incomes policy in which it reposes considerable hope for relief in this area.

As in so many other fields, Jamaica is still "studying and defining" its industrial policy. But in broad terms it will be looking for export-oriented industries, particularly in the fields of textiles, plastics, electronics and food processing. In all of these, of course, it will be in heavy competition with other states of the Caribbean and success is clearly going to lie for the most part in reduction of the severe aggravations caused by the militant labour force.

CONTINUED FROM PREVIOUS PAGE

## Education

reduce the risk of further such disruptions and to examine the propriety of members of the academic staff actively participating in the affairs of trade unions of non-academic employees of the university. The Vice-Chancellor, Dr. Roy Marshall, has announced his resignation, effective at the end of the year, and a successor has not yet been named.

Founded in 1947 on lines laid down by Lord Asquith (including the dictum that the campus should be sited well away from Kingston) to provide the emergent West Indies with an indigenous supply of professionals, particularly in the fields of agriculture, science and the law, UWI existed somewhat isolated from the college and the island campus until the 1960s. Then the introduction of a social science faculty concomitantly with the rise of nationalism in the colonies and Black Power in the U.S. saw the growth of extreme antagonisms both between and within the student body and the faculty and expressed at Mona tends to be state when radical academics began to exploit the growing dissatisfaction about economic conditions among Jamaican workers.

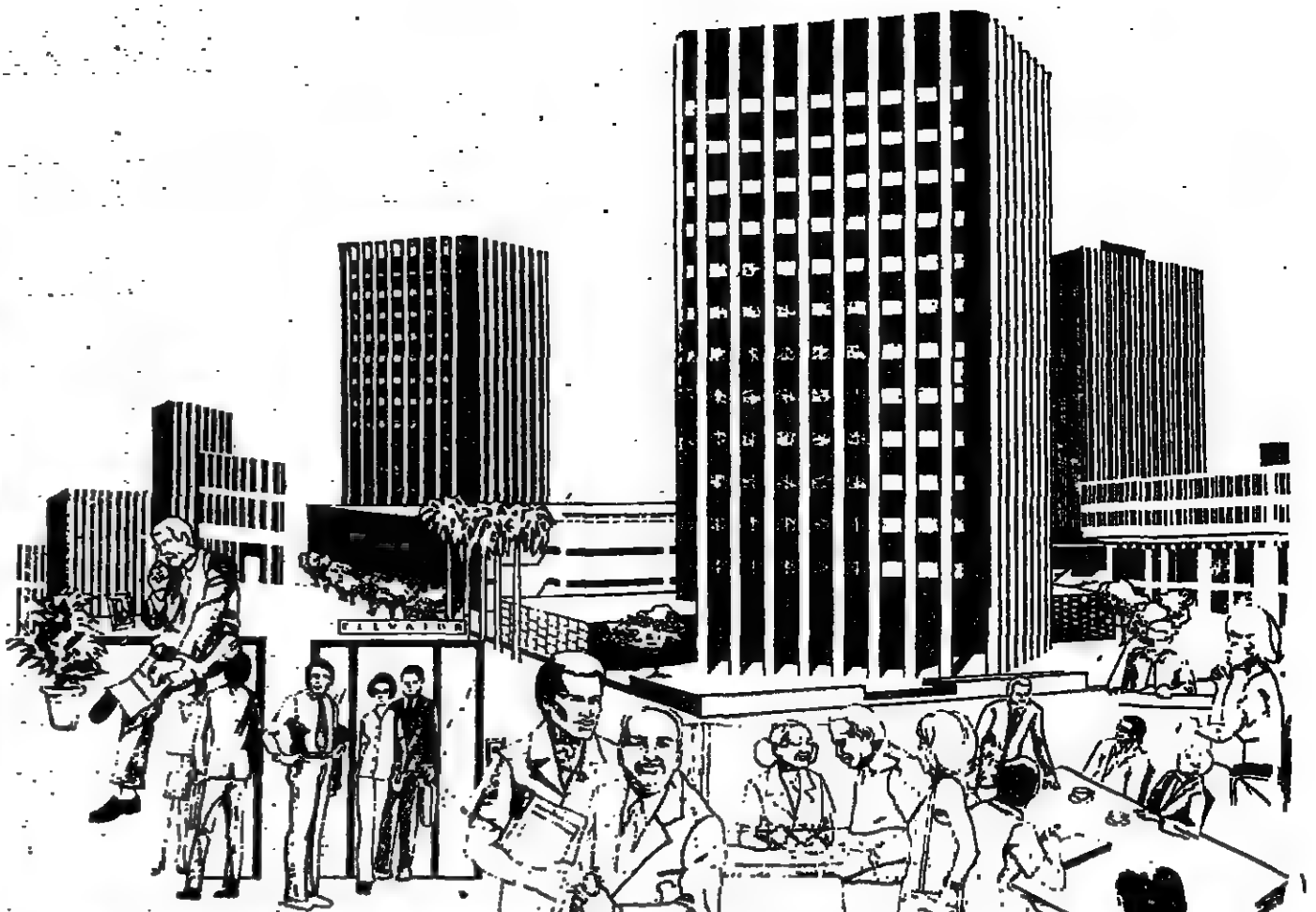
These clashes of opinion reached a climax in 1968 with the expulsion from the island of the Guyanese Dr. Walter Rodney, who had made the first efforts to engage the island's intellectuals in fostering organised radicalism within the labour force. This deep schism remains in evidence to-day following a series of further incidents, including occupation of the arts centre in March, 1970, in which order has been restored with a considerable display of force by the authorities. Further developments included the banning of all Black nationalist and "socialist" ideological material and restriction of street assemblies. The developments at UWI, and Mona in particular, cannot be viewed in isolation from the mainstream of Caribbean and island politics. For this reason, Mr. Manley's more progressive attitude towards Mona has been both welcomed and deplored on the campus, in almost equal proportion to the similar effects which his generally leftward vector has had on the population at large. UWI has some 4,500 undergraduates, of whom about 2,000 are Jamaican. Radicalism as expressed at Mona tends to be a growing force for all that. Sir Allen Lewis has been generally accepted by all sides as a suitable person to inquire into the causes of the college's convulsions and Jamaica, in particular, the expulsion from the island of the Guyanese Dr. Walter Rodney, who had made the first efforts to engage the island's intellectuals in fostering organised radicalism within the labour force.

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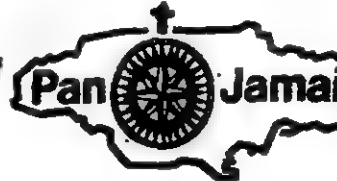
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**JAMAICA VI**



The beach at the Shaw Park Hotel at Ocho Rios

**Tourism growth  
at slower rate**

By ARTHUR SANDLES

All things considered Jamaica has done quite well out of this local crime. The problem of tourism this year... all things considered. For the world of tourism neither 1972 nor 1973 have been particularly good vintages. There have been a number of pressures which have hit international leisure traffic quite heavily. To show an increase in either receipts or arrivals at all has been quite an achievement.

Some of the pressures have fallen particularly hard on Jamaica. In common with other Caribbean destinations—if the Jamaicans will forgive my even suggesting that there are any other Caribbean destinations—the country relies very heavily on the American market. Some 77.5 per cent of arrivals in Jamaica last year were from the U.S. and nearly another 10 per cent. was thanks to Canadian traffic. As Britain has learned to her cost the past two years have seen a time when the Americans have shown a little nervousness about travelling. The impact of this nervousness world wide has been dramatic. Americans, after all, account for nearly a third of the world travel market—six times the British contribution—and any wobble in that business creates shock waves around the beaches of the globe.

There were various factors behind the American sluggishness. The weakness of the U.S. dollar and the long-drawn-out debate over Watergate were among them. For Jamaica, however, the problems came when the country was making a special effort to recruit the tourism, money spent. Every year Jamaica spends more on its overseas tourism effort. Last year the total was \$48.7m., which is only a little less than half what the U.K. was spending in the same period.

There is little doubt that this JTB effort has done a great deal to iron out the fluctuations which other Caribbean destinations have suffered during recent years. And recently, much of that effort has been aimed at Europe. Unfortunately for Jamaica, the very distances involved have worked against her in replacing the reluctant Americans with Europeans and Japanese, a tactic which has been seen working well in places like Hong Kong, Ceylon and East Africa. Jamaica is, after all, very much to the Americans what the Greek Islands are to the British and Germans. To try to switch the emphasis, is not easy.

However, the scheme is showing signs of working, albeit slowly. In 1969 3.3 per cent of

tourists to Jamaica were British. Last year the figure had risen to 4.1 per cent. The rest of Europe last year contributed 2.1 per cent. of tourist arrivals, compared with 1.8 per cent. in 1971. Japan, for the moment, does not supply enough visitors for them to feature in the statistics. As one Jamaican said to me last week: "If only we could find a way of wooing the Japanese, then we would really be in business."

This effort in countries other than the U.S. and Canada is continuing apace at the moment. So far this year arrivals from both Britain and the rest of Europe are up, the British rather more than the Germans and the French. However, these figures include a winter season which was very good indeed, and a summer period which looked a bit shaky at the edges. The year-end totals may not be all that encouraging.

The main difficulty with any article on tourism, to-day is that the whole situation has been thrown into turmoil by the oil situation, the Middle East war, and general economic uncertainty world wide. Any one who made predictions in the present situation would be foolish in the extreme, even if there are a great many people whose livelihood relies on their being able to make reasonable predictions.

But in a world of uncertainty few countries are as well equipped to keep the tourists flowing at least as well as the next fellow as Jamaica. The next two years will be very trying ones indeed for the world of tourism. If Jamaica is an exception she will be very lucky. The ever spreading wings of Air Jamaica, the continued delights of the long beaches, the blue mountains, the reggae, the clear waters, that mind-bending rum and restorative coffee... they should all help



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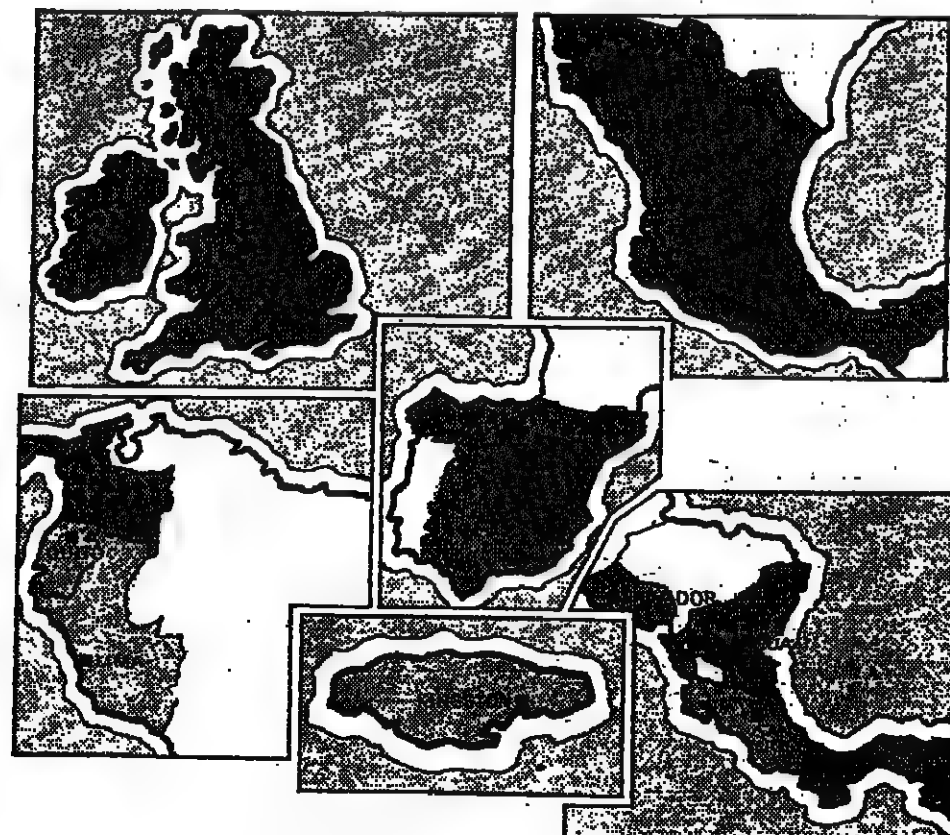
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# AMAICA VII

## Controversy over bauxite

KEN GOFTON

Depression in the international aluminium industry has led to the contribution of bauxite to the Jamaican economy in 1971-72. The country's mining industry, which is essentially bauxite, the aluminium-rich red earth found in various parts of the island, ranked the third largest contributor to gross domestic product, after manufacturing and distribution. Bauxite has been the world's biggest producer of the metal for many years, and still claims to be the largest in the Americas. It owes its eminence to a number of factors, including the island's proximity to the U.S., its stable government and the relatively straightforward mining conditions. Bauxite itself is by no means a new discovery to Jamaica: the name simply the tag given to the commercially attractive elements of aluminium, and aluminium is one of the most abundant elements found in clays and shales in most countries. Four of the richest ores tend to lie in the tropics, however, where, it is thought, tropical rains have washed away many impurities. There is one other aspect of bauxite which is important to Jamaica: it is important to grasp the order to understand what bauxite means to Jamaica, and it is the structure of the aluminium industry, which is much a child of the 20th century, dominated by a handful of truly international companies. Jamaica, the proportion that is reworked, converting bauxite into metal is a two-stage process. The first step is chemical, and involves converting the ore to a white powder called alumina. This, in turn, has to be subjected to electrolysis, requiring vast quantities of power, to obtain the metal. As a rule-of-thumb, it takes four tons of bauxite to make two tons of alumina, to make one ton of aluminium.

### Delicate path

Given all that, what has Jamaica made of its red earth? It has trodden the delicate path between driving a hard bargain and encouraging rapid exploitation with some success. Four of the world's biggest aluminium companies — Alcoa, Alcan, Kaiser and Reynolds — are actively involved, as well as two of the "second league," Anacosta and Revere.

Production has steadily increased, from a total of 8.4m. tons in 1968 to 12.3m. tons last year, and by the mid-1970s, is planned to reach 18m. tons. Even more important to truly international companies, Jamaica, the proportion that is reworked, converting bauxite into metal is a two-stage process. The first step is chemical, and involves converting the ore to a white powder called alumina. This, in turn, has to be subjected to electrolysis, requiring vast quantities of power, to obtain the metal. As a rule-of-thumb, it takes four tons of bauxite to make two tons of alumina, to make one ton of aluminium.

It is possible to make alumina on the island, but so far no sufficiently cheap source of electricity has been located to justify building an aluminium plant on Jamaica. Yet this remains a national ambition. Currently the hope is that the planned oil refinery — subject of another article in this survey — will, as a by-product, fuel a

power station. Stir all the elements together, and the picture that emerges goes something like this. Bauxite is a politically sensitive industry in Jamaica, not least because of its importance to the economy, especially in foreign earnings. It is a wasting asset, implying that Jamaica has to make the most of it during the 60 years or so the reserves will last. Like all modern mining, it is capital intensive, and that means relatively few jobs but high wages. And it is in the hands of a few companies which, while they have a substantial capital commitment to the island, for the most part also have alternative supplies. The strength of those companies internationally, moreover, means that there is not much of a free market for bauxite.

been working at substantially below that level. The others have their own plants — Alcan with a capacity of 1.3m. tons, Alcoa 450,000 tons, and Revere 220,000 tons.

In spite of this production growth, however, Jamaica has not felt the full economic benefit. Transfer prices, and thus royalties (on a sliding scale, between 15 and 25 cents a long ton), and tax receipts, are linked to world metal prices, which were little short of disastrous in 1971-72. The North American list price was cut in May, 1972, from 29 to 25 U.S. cents a pound, and spot selling prices, as reported in Metal Bulletin, fell as low as 19.5 cents a pound. The result was that royalties and corporate taxes, which reached a peak of \$384.2m. in the fiscal year 1971-1972, dropped to \$24.5m. in 1972-73. Fortunately, prices are beginning to creep up again despite U.S. Government controls, and demand is very strong. Capital expenditure and, linked to that, employment have also almost certainly passed their peak. Investment was halved between 1971 and 1972, from \$398m. (with a local element of \$75m.) to \$345m. (spent locally, \$23m.), and the number of jobs fell from 11,629 to 9,719. Local wages and salaries went up, however, from \$28.7m. to \$33.7m., and will rise again — Kaiser, after a three-week strike, is reported to have conceded a 50 per cent. pay increase in September, to the

annoyance of its competitors. The contribution of the aluminium companies, however, does not end with the amount of money they pump into the economy. All hold large tracts of land which they are charged with farming properly. (It makes economic sense for them to do so, anyway.) With know-how and capital, and a willingness to undertake research, they have done a great deal of pioneering work in agriculture, particularly with beef and dairy cattle and citrus fruit.

### Similar scheme

Willingness to contribute to community development varies according to the "liberality" of the different companies. It is worth noting, however, that Alcan has seconded a senior executive to the Jamaican Government to head a scheme similar to one set up by the company for teaching better methods of organising credit for farmers and pooling modern farm implements. Last month Kaiser's local president, Mr. Don Tretzel, became the first non-Jamaican to receive the Order of Distinction for outstanding and important services to the island — a reflection of the company's community relations policy.

In spite of all these efforts to smooth relationships, however, bauxite remains a controversial topic in Jamaica. Since it is one of the island's few natural assets, there will always be the

question mark as to whether Jamaicans should control their own destiny, or whether they are being exploited by international big business.

The radicals who would like to see the industry nationalised were encouraged to see Guyana take that step a year or two back. So far, successive Jamaican Governments have believed that they could strike a better economic deal, in the absence of a large free market, by hard bargaining. There was embarrassment in Kingston this July, however, when the U.S. ambassador, Mr. Vincent deRoulet, told a Washington Senate sub-committee that in return for Mr. Michael Manley, present Jamaican Prime Minister, agreeing not to raise nationalisation as a voting issue, the U.S. would not interfere in the elections. There was an immediate denial, by both the Jamaican and U.S. Governments, of any deal, and Mr. deRoulet was recalled.

Earlier in the year Mr. Manley had said in a speech at Alcoa's plant that it was important that foreign enterprises came under Jamaican ownership in a participatory sense. But he qualified that by adding that there was not a high priority on opening up equity participation in existing enterprises such as bauxite and alumina. It was more important, with Jamaica's limited resources, to create new joint-venture enterprises to boost jobs, opportunity and wealth.

## Oil and ports to aid growth

By KEN GOFTON

Blue sea is an asset Jamaica has exploited for many years in building up its tourist industry. Only relatively recently has the island realised that there is another dimension to be utilised, namely the depth of water in some places off the coast. Two of the most important construction projects currently under way are designed to take advantage of this. They are a service oil refinery, which will process crude for transshipment to the U.S., and a docks improvement scheme.

The oil refinery was announced by Prime Minister Mr. Michael Manley in June. Costing \$350m. to \$400m., it has been described as the biggest single capital investment in Jamaican history, and is due to come on stream in the first quarter of 1978. There will be facilities to handle tankers of up to 350,000 tons. The theory is that the U.S. has to import a growing portion of its energy requirements, but is short of refinery capacity on the East Coast — and the strong American environment lobby may well ensure that the gap is not quickly filled. The idea may well still be valid, but even in the few months since it was announced, several question marks have been raised.

### Risks involved

In particular, the Arab oil producers' reaction to U.S. backing for Israel in the recent middle East war has alerted America to the risks involved in dependence on external energy supplies. There are signs that the American Government has at last recognised how prodigal it has been with its own reserves, and that this message is getting through to the American people. It would be foolish to hazard a guess as to the effect on consumption of higher taxes on oil products, such as a trend towards less powerful cars, but it is quite likely that the growth in U.S. energy needs will now be less dramatic than had been forecast.

Meanwhile, there is the specific problem of the Arab cutback in supplies to the U.S. One does not know how long this will last. However, the refinery's sponsor — the Moratti group of Milan — is possibly being too optimistic when it maintains that there is "little prospect of Arab action against Jamaica" when the reason d'être of the Jamaica refinery is to serve exports, and particularly the U.S.

These doubts aside, there are some interesting aspects to the project. The output of the refinery, to be built at Luiza Point in south-west Jamaica, will be 350,000 barrels a day, possibly doubling later. With out having to put up any of the capital, the Jamaican Government will have a 10 per cent. stake in the project, and out of its dividends will acquire a further 10 per cent. take between the sixth and fifteenth year (at a time, some critics have pointed

out, when the economic justification for a service refinery may well be fading).

There is a provision for the Government to buy a minimum of 10,000 barrels a day of fuel oil for power generation, at a discount of 40 cents a barrel plus the freight cost on the current posted price of Caribbean fuel oil. This will have the immediate benefit of easing the island's power shortage. Hopefully, it will also take Jamaica into petrochemicals and (although this idea must be receding into the background), aluminium smelting. Ironically, the project came about as a result of Jamaica's search for a cheap power source to take it into aluminium smelting, but the steady rise in oil prices may well mean that this is not the viable route.

The U.K. Government paid for five firms of British consultants to do the detailed marketing, technical and environmental surveys which led to the decision to go ahead. But it looks as though the Italians were able to put together a better financial deal. Most of the capital is being put up by a consortium of Italian banks, and the official Italian export credit organisation which augurs badly for British contract hopes. According to Moratti, the managing contractor for the refinery is Fluor Corporation, while Snam Progetti is associated with the engineering aspects. Bids for construction of the refinery are expected to be sought soon: as of now Italian and U.K. contractors are favoured, but West German and Japanese groups are also in the running. The problem of financing is tied up with the overall construction bid, and finance will clearly be an important factor in deciding who wins the contract, says Moratti.

At least as important as the contribution which the refinery will make to the Jamaican balance of payments is the stimulus which it will provide for industrial development. A similar point might well be made about the projected port developments. Already endowed with what is claimed to be the world's seventh largest natural harbour, Kingston has embarked, with the aid of Japanese finance, on the construction of a \$45m. container terminal and freepoint complex.

The project has been actively encouraged by the Jamaican Government. One idea is that container-loaded raw materials or semi-finished goods could be brought to Jamaica for further processing and distribution to their ultimate markets. Facilities will be built with this in mind. But Kingston will also play a greater role as a base where bulk loads can be broken down for transshipment either to several separate destinations or to ports which lack the deep water to take large carriers. Traffic could build up on several routes, of course, but the main flows are likely to be from Europe to the U.S., and particularly the Gulf ports, and

from Asia via the Panama Canal. A recent Jamaican delegation to Europe, which came with the aim of promoting the port development, reported that many shipping lines were enthusiastic and had plans at quite an advanced stage for using the facility.

A \$14m. loan was raised for the first phase of the development. It will be served by a 40 foot channel, and will embrace 2,400 feet of berths with four container cranes. Two Pacesetters have already been ordered. Additional berths, and increased emphasis on industrial development, will follow in the second phase.

### General cargo

Currently, up to a fifth of the 1.3m. tons of general cargo — excluding that is, oil, bananas and other bulk goods — passing through the port of Kingston is containerised. The proportion is expected to grow considerably as a result of the \$45m. development.

Both of these major developments, the oil refinery and the container terminal, imply closer economic ties with the U.S. With luck, bearing in mind the volatility of world affairs, they could be a major stimulus to growth. In both cases, it is worth pointing out alternative schemes are being considered in other parts of the Caribbean. Yet size, location and political stability may well prove to be to Jamaica's advantage.

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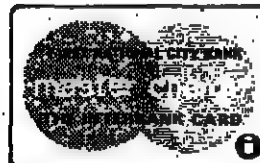


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## JAMAICA VIII

## New Caribbean links

By JOHN LEECH

It is, perhaps, memories of the views of the present Prime Minister's father, Mr. Norman Manley, more than any statement or indication given by Mr. Michael Manley, that have led to concern in some circles that Jamaica would seek to form new political links within the Caribbean area.

In a strongly-worded statement in the House of Assembly in Kingston in May, Mr. Michael Manley refuted charges that he was in any way interested in a new Caribbean federation. The Government, he said was not going into federation "by the front door, the back door, the trap-door or the window."

Nevertheless, Mr. Manley has a clear and unequivocal view of the economic benefits to be derived from closer association with neighbours and other states of similar status and with similar problems; and he has made this the mainstay of his foreign policy.

His view is based on the unassailable fact that the economies of Third World states cannot be permanently and effectively changed for the better until they are able to obtain from the developed countries better terms of trade for their primary products. He is also firmly of the belief that such a change cannot be brought about unless these small and vulnerable nations band together in a strong lobby.

## Small nations

And of the fact that Jamaica belongs to the Third World he has no doubt. For too long, he believes, has his country deluded itself on this matter and thus drifted into a supplicant posture in relation to Western capitalism in general and the U.S. in particular.

In a political atmosphere which tends to be parochial, Mr. Manley has taken a broader and more statesmanlike view of Jamaica's international position than his predecessors. He has

a strong and obvious interest in foreign affairs; indeed, they perhaps occupy more of his thinking and time than they should against the background of Jamaica's serious internal difficulties. But he is undoubtedly right in taking into account the economic benefits that could accrue in the future from a more progressive foreign policy, and recognising that current realities determine that there are limits to the help Jamaica can expect from its traditional western allies.

He has taken Jamaica firmly and wholeheartedly into the new Caribbean economic grouping, Carecom, and has sent trade missions abroad to Africa, Asia, Japan and China. At the same time, he has reassured Jamaica's traditional friends of his desire to continue and improve their good relations.

What will always complicate development of broader foreign contacts for Jamaica is the heavy shadow that nearby Cuba casts over the whole region. Castro and his revolution and its recent relationship with Russia strongly colour the thinking of all politically-conscious Jamaicans and gravely exercise the minds of the prosperous and powerful middle classes. And with the U.S., Jamaica's biggest trading partner, not to say major market for the illegal drug traffic, the interest in Washington in Jamaica's attitudes is keen.

Thus, when Mr. Manley recently raised the status of the traditional Cuban mission in Kingston from consular to full ambassadorial status and opened relations with Peking, fears were expressed in the island not only of a leftward swing that might frighten off much-needed foreign capital but that Jamaica might become the seat of a new theatre of Sino-Russian rivalry with resultant disapproval of the U.S.

Mr. Manley reacted extremely strongly when the U.S. Ambassador to Kingston told a

Congressional sub-committee in Washington that the U.S. had undertaken not to interfere with last year's Jamaican election if the PNP agreed not to nationalise the bauxite industry which is entirely in American hands.

No one is really sure whether the envoy, Mr. deRoulet, a diplomatic tyro, was being ingenious or the reverse. But Jamaica promptly refused him re-entry and a replacement has not yet been found, though this is ascribed in Kingston more to Washington's preoccupations with Watergate than to U.S. pique.

## Foreign policy

Mr. Manley has expressed his views on Jamaica's position in the world in a book to be published next year. In this he states that it is Jamaica's clear duty to base its foreign policy on a clear perception of economic self-interest and to eschew the "luxury of ideological distraction."

The first step must be development of a strong regional economy and thence progress must be made towards global Third World strategy in which all possibilities of trade must be explored.

In this his views are strongly reminiscent of those often expressed and implemented by Dr. Julius Nyerere of Tanzania and Dr. Kenneth Kaunda of Zambia, of whom Mr. Manley is an admirer. Both these leaders aroused strong suspicions in the west by opening friendly relations with China. Both are convinced that the ghost of Maoist infiltration of their countries has now been well and truly laid, and it is clear that Mr. Manley has drawn conclusions from this that have led him firmly to his own open foreign policy.

Whether this may be as easy or as profitable in the strategic and geographical context of Jamaica remains to be seen. Mr. Manley recognises that foreign

policy changes of the magnitude he has undertaken "disturb the collective consciousness in its uneasy slumber." And his concern that they should not be allowed to affect his country's traditional links is often enough expressed to suggest that he himself is not immune from this worry. They must, however, be faced, he says.

Mr. Manley's anxiety to see Jamaica's terms of trade improved, also naturally leads him to support fully the position of the developing nations in their negotiations in regard to association with the EEC.

In common with other Caribbean states, Jamaica has supported the African and Pacific position in the current negotiations, particularly in respect of reciprocal trade concessions. Jamaica's relations with Britain remain close and friendly, though there is naturally a detectable disappointment at the treatment often experienced by Jamaicans living in the United Kingdom. Home-based Jamaicans have never been ashamed of the British connection, and there has been no attempt on the island to erase such reminders of the colonial past as street or building names. Mr. Manley still works from Jamaica House, Kingston remains Kingston with its Duke and Queen Streets; the counties are named after English counterparts and the parishes are still called after English saints and districts.

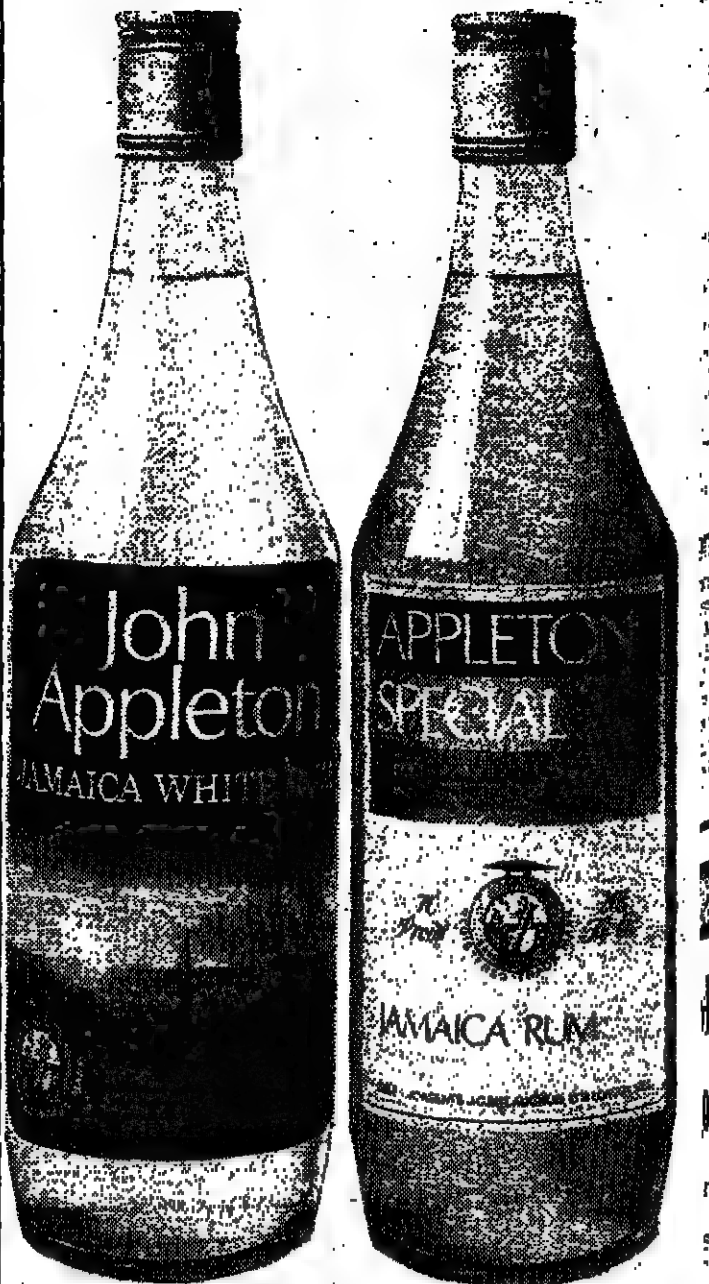
Though it would not be admitted, Britain's tightened immigration policy was of some assistance in opening the serious outflow from Jamaica of skilled and semi-skilled personnel, although the U.S. and Canada still constitute a strong attraction for these categories. At the same time the threat of Jamaicans overseas, which brings \$8m. of their savings to the island annually, is a welcome source of aid for the poor. "The Politics of Change: A Jamaican Testimony," Michael Manley. Published by Andre Deutsch.

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## The arts: a varied scene

By MERVYN MORRIS

In Kingston, Jamaica, this month you could, if you chose, see productions of *Okla!oma* and *Come On, Jezebel*. Also on offer were *Son of John Ras-I* (a loosely organised Jamaican low comedy), *Consciousness 3: Persistent Plantations* ("A Third World ritual") and *Sleeper*, an intelligent work by Trevor Rhone, the most successful of the new Jamaican playwrights. The variety may be taken to imply the society's fundamental tolerance; but as the audiences would not much overlap, the list may reflect some continuing divisions. Few people will have wanted to see both *Jezebel* and *Ras-I*; and in Jamaica where, since the days of slavery, class and colour have tended to run parallel, what could be merely a matter of personal taste may be seen to have larger social significance: a division between those who look nostalgically towards England or hopefully towards North America, and those who embrace Jamaican forms, whatever their present stage of development; a division between the comparatively rich or white and the relatively poor and black. But the situation is not that easily defined: the bulk of the audience for *Ras-I* would enjoy Rhone's accurate plays, which they will not, by and large, go to see. To them "theatre" is a middle-class institution; but they except *Ras-I* and the annual Jamaican pantomime, a form now little related to the traditional English model from which it has evolved in the last quarter of a century.

Louise Bennett, who usually stars in the pantomime, is one of the few Jamaican artists in enjoyment of whom the society as a whole unites. An accomplished actress, RADA-trained, she is also one of Jamaica's writers. No other writer is so widely appreciated in Jamaica. Some of our other living authors are V. S. Reid, John Hearne and Sylvia Wynter who have long been anchored in Jamaica; Barry Reckord, a playwright, who is sometimes here; novelist Neville Dawes who came home a couple of years ago; Evan Jones, poet, playwright, script-writer for films, A. L. Hendricks, Anthony McNeil, poets, Andrew Salkey, E. Orlando Patterson and Lindsay Barrett, novelists mainly, who live abroad.

## Less agreement

Work in the present art world ranges between the self-taught (though hardly "primitive") and a highly trained, often eclectic, sophistication. On who are the most important contributors there is probably less agreement than in any other area of the arts: but most short lists would include three artists who have been at work since the 1930s: Edna Manley and Alvin Marriott in sculpture, and the painter Albert Huie; and would add the names of Gloria Escoffrey, Barrington Watson, Karl Parboosingh, Osmond Watson, Alexander Cooper, George Rodney in painting, Cecil Baugh and Edwin Todd in ceramics. Few Jamaicans buy original

paintings; few visit exhibitions. In practical terms our painters and sculptors create for the very few, and must often depend on selling to foreign visitors or foreign galleries. Artists have been commissioned to do public monuments; but discussion of their work indicates the enormous gap between artist and public: Edna Manley's crucifixion sculpture was variously criticised as too black and as not militant enough. Marriott's Bustamante as too young. A recent trend which may help towards the educating of public taste is the increasing patronage by business organisations, including banks, which purchase and display works of art, and some of which have opened small galleries of their own.

Support from business has been a factor in the development of the National Dance Theatre Company, the most successful of our artistic groups: these days, new works tend to have been commissioned by a firm. The NDTC began in 1962, drawing together talents which had been nurtured by diverse teachers, some of ballet, some of modern dance. In the decade of their existence this largely non-professional group have developed steadily until now their annual season of dance in August is one of the most keenly awaited events in the Jamaican calendar of the arts. Appearances on television, visits to theatres outside of Kingston, lecture-demonstrations in the schools, dance classes taught by members of the company, have all helped to train and to enlarge the Jamaican audience.

Younger (1967) but in essence similar to the NDTC is another group with a growing reputation abroad. The Jamaican Folk Singers are led by Olive Lewin, who has been engaged since 1966 in collecting Jamaican folk songs. The group grew out of the natural desire to sing some of the songs rediscovered. Since then, with the aid of business sponsors, they have become regular performers, displaying the rich store of Jamaican songs. Their concerts are visually, as well as musically interesting, though some Jamaicans judge their work to be unauthentic.

This is not a charge levelled at The Mystic Revelations of Rastafari who, like the other groups, maintain a creative relationship with their basic material. Perhaps because the performers are not predominantly middle-class (as in the other two groups), are nearer to the average Jamaican's notion of "the folk" they may be allowed to modify their source material, as they choose. The Mystics play free form jazz over a heavy base of Rastafarian drumming.

Rastafarians are of vital importance to the Jamaican arts, both for the contributions of particular Rastafarian individuals or groups and because

they have captured the imagination of many artists who do not accept their religious doctrine (they believe, among other things, that Haile Selassie of Ethiopia is God, and that the black man's only true home is Africa, to which he should physically return). To non-Rastafarians the Rastas have symbolic force: they stand for the dignity of blackness, for the rejection of a materially unjust society, for the assertion of a spiritual centre of being.

A Rastafarian—played by Ras Daniel Heartman, a painter—is one of the main characters in *The Harder They Come*, the Jamaican feature film produced and directed by Perry Henzell, written by Henzell and Trevor Rhone. Especially if we consider the impact of the medium, this fine film is arguably the most important contribution so far to the arts in Jamaica. Like the late Roger Mals' Kingston novels, it is an indictment of Jamaican social injustice and a reassertion of human values which survive even in appalling conditions.

For the mass of the Jamaican people, art is not the theatre, literature, the dance, painting, sculpture, ceramics: it is not even the NDTC or the Jamaican Folk Singers: it is *The Harder They Come*, *The Mystics*, and reggae, the Jamaican popular music.

## Government aid

The present Government seems set to make an even more substantial contribution to the development of the arts than did their active predecessors, whose Jamaica Festival, inaugurated in 1962, has annually uncovered talent and given incentives for further work. The present Government plans to "provide training facilities for the arts in the widest sense." Already the Jamaica School of Music is broadening its activities to include courses for popular musicians. The Institute of Jamaica (founded 1879) is being reorganised: it will co-ordinate the efforts of a number of independent bodies. There is to be a National Gallery, and an African-Caribbean Institute. There should be built by June 1975 the first stage of a cultural training complex incorporating the existing schools of music, art, dance and drama. With limited Government money, the arts in Jamaica will need the continued support of business patrons; but when plans become reality, the Government's contribution will have been considerable. The provision of training for a wider range of people with talent could have the effect of reducing social division in the arts, enlarging the local audience, and raising national levels of achievement.

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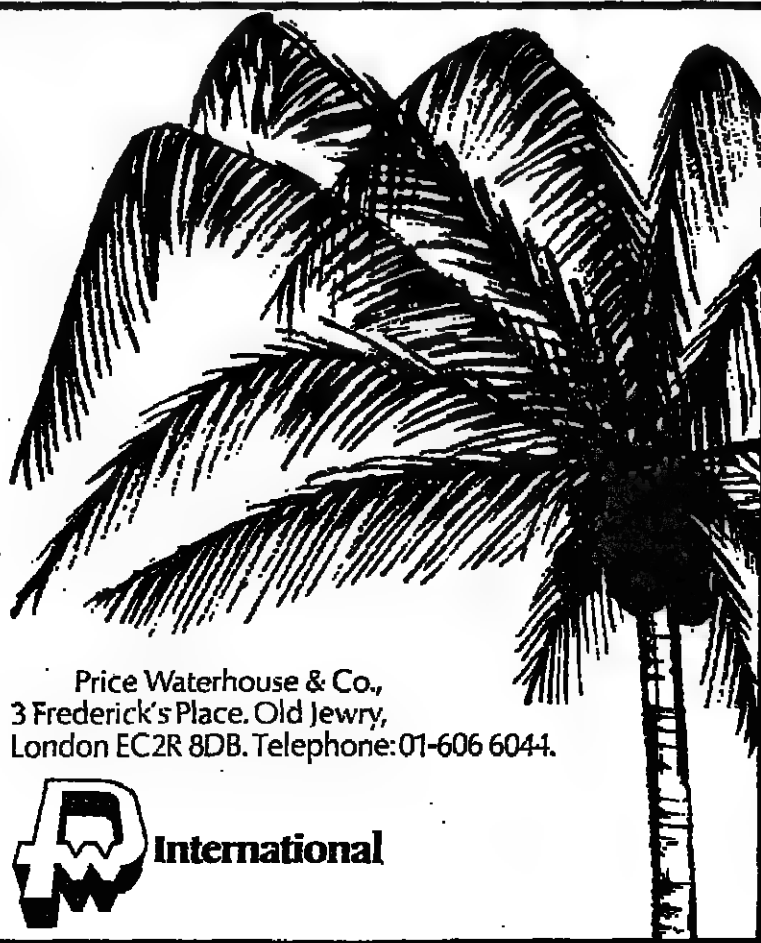
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# Stress marks on the Atlantic Alliance

From PAUL LEWIS, U.S. Editor, in Washington

SAN eloquent commentary the quarrel, all parties have been doing the Middle East crisis itself has bred a new scepticism in America about Russia's real intentions and a new interest in military readiness and maintaining a standing army in Europe. On the economic side, the dollar's new-found strength is easing the trade and monetary difficulties which America has experienced as a result of the Community's enlargement.

The real roots of the current disagreement thus stretch back to well before the Middle East flare-up and must be found in Europe's growing impatience with America's policy in the area, its criticism of President Nixon's bombing of Hanoi and the North at the end of the Vietnam War, and the Common Market's suspicious and foot-dragging approach to his call for a new Atlantic Charter. All these past strands of disagreement came to the fore again in the past few weeks, when for the first time one-half of the Alliance perceived that its foreign policy interests were quite different from those of the U.S. and acted accordingly.

getting worse. The Middle East crisis itself has bred a new scepticism in America about Russia's real intentions and a new interest in military readiness and maintaining a standing army in Europe. On the economic side, the dollar's new-found strength is easing the trade and monetary difficulties which America has experienced as a result of the Community's enlargement.

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Dr. Kissinger "may be accused of sacrificing a secure relationship with traditional allies to his quest for détente with the enemy."

At the same time, the President's own Watergate troubles may make him increasingly interested in spectacular diplomatic successes that are much easier to engineer with Russia and China, where there is more room for improved relations, than with traditional allies. Dr. Kissinger's plans for overhauling the alliance in his Year of Europe may have embodied the best of intentions. But the uneasy suspicion remains that should the project falter, the Administration will be encouraged to wash its hands of its turbulent allies and turn to other more satisfying business.

planners are already wondering whether the exercise is worth while. But this new Atlantic Charter that was to make 1973 the Year of Europe was also intended as a fitting send-off to the round of major economic and security negotiations which would provide the real cement for a new relationship between Europe and America. However, in the economic field the Administration's hopes look badly battered at the moment. Interest in a new monetary system has fallen off considerably since the dollar began to strengthen and any agreement reached is likely to be less significant than the reformers first wanted.

festooned with anti-Soviet measures that would imperil his already precarious relationship with Moscow.

On the security side, the outlook is only somewhat less encouraging, for it is hard to believe that the Soviet Union will ignore President Nixon's domestic weakness for long, or the visible decay in Atlantic relations. The opening stages of the European Security Conference have already provided quite a bumpy ride. But the real test is likely to come over American troops in Europe.

## Aeroplanes

By accepting the Jackson amendment to the Manpower Appropriations Bill this week, President Nixon gave the NATO allies a maximum of 18 months to make up the balance of payments costs of keeping American forces on the Continent, or face a cut-back. But before this Special Drawing Right by the dynamics of their own monetary reform scheme, in advance of any signs that before long they talk to include aeroplanes and may well add to their disagreement with Washington by NATO does not want.

In sum, the much vaunted Year of Europe is going out with Atlantic relations at their lowest point for a very long while. It is ironic that this should have happened under the Presidency of a man committed to good relations with Europe and whose re-election was generally welcomed last year by the NATO Alliance. Yet it is hard to see how the situation can change easily, now that he seems likely to remain at best a lame duck President throughout his second year.

## Confrontation

At least, moreover, European diplomats here as well as American counterparts deny that the two sides are pulling apart, and it is to find any one who says the damage done to the relationship in the past weeks is going to be easy to heal. Indeed, as a result of

## Concessions

It was by no means a glorious stand, of course, and if the Arabs ever try to use their oil monopoly to extract further concessions from the Western world, the Europeans may well regret they did not make common cause with the U.S. the first time round. Already there are some signs of unease in the Common Market camp, with whispers about an appeal for better Atlantic relations at the coming summit, or some new

political initiative on pooling energy research in an effort to show good will. But despite all this, the question that is being asked increasingly in Washington is whether the Middle East crisis may not represent the first occasion when America came face-to-face with the independent Europe it has always championed—and decided it did not really like what it saw.

Of course, there has been a tactical element in the way the Americans have seemed often to be deliberately perpetuating their quarrel with the Common Market and some policy makers clearly hoped that by shaking the NATO tree hard enough, they would convince the Europeans to take Washington's plans for a refurbished alliance more seriously. With a

weakened President in the White House, Dr. Kissinger also knows full well that he needs a smooth functioning Atlantic system more than ever to underpin his diplomacy with Moscow and Peking.

He is said to believe as well that the best way to defeat the latent isolationism in America is to re-found its Atlantic relations now, before the generation in the last war passes from power. Finally, in the back of his mind he must face the unpleasant possibility that if things go on as they are he may be accused of sacrificing a secure relationship with traditional allies to his quest for détente with the enemy.

Nevertheless, American policy towards the Common Market

## Disagreement

And of course, Dr. Kissinger's Atlantic plans are faltering badly at the moment. Last year, he called for rapid agreement on a new and ringing declaration of partnership to be signed when the President toured Europe this autumn. But the President is unlikely to reach Europe until next spring (if then) and in the meantime, the Declaration has been so pared and watered down by the Europeans that its final appearance would cut little ice in America or anywhere else, and policy

## Labour News

### More ambulancemen join dispute

BY DESMOND QUIGLEY, LABOUR STAFF

BULANCEN working for more than 40 local authorities are operating buses on all but dent and emergency calls in test at delays in introducing new wage structure.

The first Welsh area to be tested—and most of Scotland—introduced restricted wages.

The National Union of Public Employees claimed yesterday that all but two stations in London were accepting only accident emergency calls. However, Greater London Council said only a quarter of the 10,000 patients, who are not emergency cases, who should have

### Unit trust managers pleased with October figures

BY CHRISTOPHER HILL

ALTHOUGH business is still at a considerably lower level than at the beginning of the year, unit trust managers were generally pleased yesterday with a October unit trust sales figures.

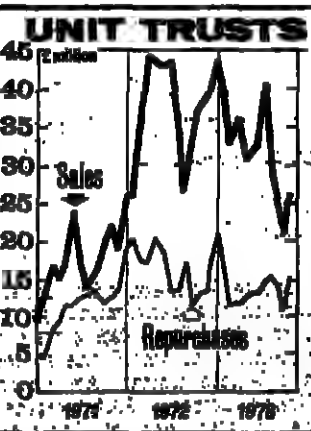
While repurchases were up by just over £2m. to £16.1m., the £4.2m. increase in total unit trust sales more than made up the difference, leaving a net new investment figure of £11.9m. compared with £10.4m. in September.

Only one new fund was launched—Vanguard Far Eastern.

The FT All Share Index managed a 3 per cent rise in October and some managers were gaining confidence, but the major setback in the U.K. market over the past week means that unit groups are now waiting anxiously for the figures for November.

In particular, the repurchase figures are being closely watched and it is with some relief that most managers report that unitholders are running true to form by not selling out during a crisis.

Save and Prosper, for example, says that although sales have



fallen off there has been no leap in repurchases from the October levels and M and G's experience is very similar. Sister Walker reckons that there has been a "modest increase" in redemptions, however, and Tyndall reports that there have been some signs of switching into guaranteed income bonds—but "nothing traumatic".

One of the features of October for the main unit trust groups was the increased sales of their fixed interest products and this trend looks like continuing throughout November following the renewed upsurge in general interest rates.

The value of unit trust sales for the first 10 months of 1973 still looks respectable at £16.1m. against £9.1m. last year and cumulative repurchases are down from £18.1m. to £14.4m. This leaves net new investment £17m. down at £17.4m.

One group at least seems positively enthusiastic—Jessel Britannia, which recently had a "Now is the time to buy" promotion campaign. It reported that both its sales and repur-

### New Midlands paper folds

NOTTINGHAM PRESS, the newest weekly paper in the Midlands, has closed after only five editions. The paper, launched during a dispute between workers and management at the Nottingham newspaper publishing firm of T. Bailey Forman, folded after half its staff of 16 resigned.

### Heath's China visit to be early next year

BY JOHN BOURNE, LOBBY EDITOR

THE Prime Minister's expected Minister in June. This will be visit to China was announced the first visit to China by a British Prime Minister.

It will be from January 4 to 12 at the invitation of the Government of the People's Republic of China. Mr. Heath also intends at the end of his trip to pay a short visit to Hong Kong.

The invitation, from the Chinese Prime Minister, was delivered during the visit to London of the Chinese Foreign

## GERMAN TRUCKS

MAIN DEALER

Mainsforth Commercial of Ferryhill, County Durham, has been appointed a main dealer for the German Magirus Deutz trucks, which cost nearly £1,000 and are fitted with oil-fired central heating, bunk beds and stereo players.

### AEUW seeks High Court order to stop bailiffs

BY OUR LABOUR REPORTER

E Amalgamated Union of Engineering Workers is to seek High Court injunction to prevent county court bailiffs seizing and £200 worth of goods from union's headquarters in Kham, London.

The union follows a move by the union to recognise a tribunal decision under the Industrial Relations Act. AEUW property is being sold for payments of £190 pension awarded by a Seattle tribunal in August to Mr. Henry Rodden, the AEUW president, said yesterday the union was moving in the High Court "to prevent the law breaking the law." All the union's property had been put into a protected fund which should make it immune to compensation claims.

The case of Mr. Rodden is one of a number of compensation awards made against the AEUW engineering section. Solicitors acting for Mr. George Hill, a Southampton engineer, have made two unsuccessful bids to £2,800 compensation awarded by a tribunal.

### 'No possibility of reopening Meriden,' says NVT chief

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

THERE IS NOW no possibility of reopening the Triumph motor cycle factory at Meriden, which used to produce about two-thirds of all the U.S. machines, exporting nearly 90 per cent. of them to the U.S.

Since its closure was announced in mid-September by Norton Villiers-Triumph, the factory has been the subject of a Government-funded campaign to save the BSA-Triumph concern—the 1,750 workers staged first a work-in and then a blockade—which is still continuing—although they ceased to be employed on November 9.

In a statement yesterday, Mr. Geoffrey Evans, managing director of NVT Manufacturing, said, "The necessity to close Meriden arose from a heavy and continuing losses" and the "total impracticability of including the plant in a viable and profitable motorcycle industry." "Unfortunately, there is no possibility of the factory being reopened," he declared.

The workforce has been trying to set up a co-operative to buy and run Meriden, and Mr. Dennis Poole, NVT chairman, at one time promised to postpone the closure from February to July, if normal working was restored, to provide time for the co-operative to be formed.

**Battle**

The blockade of the factory continued however, no tactical proposition for a co-operative was forthcoming, and the workers were paid off. Meanwhile, completed and partially finished machines are being held in the factory, and 2,500, according to Mr. Poole, with another 9,000-10,000 part completed.

Mr. Poole, who has been given full control by the Government, now faces, as he admitted last night, a battle to keep the motor cycle industry alive while Triumph production is re-established at the old BSA works in Birmingham.

Under the original plan, the first year would have been an "interim" year, during which some Triumph machines would have gone to America, but the blockade had now pushed that possibility further away.

"If we are out of the market we are finished for good," Mr. Poole declared. "The U.S. dealers have got to live and they can only do that by selling machines—ours or someone else's. We can make no arrangement with them other than to give them machines to sell, and they're dependent about the future."

Mr. Bill Lapworth, Coventry divisional secretary of the Transport and General Workers' Union, which is supporting the co-operative project, pointed out last night that 999 machines going to U.S. dealers would not go far.

"The crucial matter is continuity of production and NVT has never been prepared to discuss this," he said.

### Provincial newspapers face more strikes

BY OUR LABOUR REPORTER

LECTED PROVINCIAL daily newspapers are to be targets for second three-day strike campaign being launched by the National Union of Journalists.

The stoppages are an escalation of the union's pay dispute with the Newspaper Society, which is concerned that the threatened cut-back in imports of raw sugar cane from the Commonwealth could lead to the loss of up to 6,000 jobs, 2,000 of them at Tate and Lyle's in Liverpool.

### Timber companies cut prices

BY ELINOR GOODMAN

THE PRICE Commission which the Commission said a number of timber merchants had agreed to make price cuts totaling £1.5m. This week's reductions means that all the timber distributors classified as Category Two companies for the purpose of the Price Code have now agreed to lower their prices.

**Dearest imports**

The timber industry's problems, with the profit margin control result from the rapidly rising price of imported timber. Overheads have not generally kept pace with the increased turnover resulting from the extra demand and higher prices of raw materials. This means that the distributors have exceeded the net profit margin control of the Code. In addition, some companies, like Bambergers, have exceeded the gross margin control they are

subject to as distributors as a result of basing the mark-up on the replacement value of the timber rather than the price they actually paid at the dock-side.

Bambergers said yesterday that though it had made its cuts voluntarily, it still maintained that any reduction in imported prices would soon wipe out the excess profit made this year.

Companies should now have completed their second quarter's returns to the Price Commission. The indications are that fewer companies will be found to have exceeded their reference levels in the second quarter than in the first.

The timber distributors, which, like retailers, do not have to pre-notify proposed price increases to the commission, will obviously be kept under special review.

### Sugar workers in plea to Godber

BY OUR OWN CORRESPONDENT

LIVERPOOL, Nov. 20.

They will accompany MPs and full-time trade union officials who are concerned that the threatened cut-back in imports of raw sugar cane from the Commonwealth could lead to the loss of up to 6,000 jobs, 2,000 of them at Tate and Lyle's in Liverpool.

### Dockers strike over quay

AMERICAN-BACKED company was given permission yesterday to use a quay at Glasgow making oil rig equipment despite a protest strike by dockers.

The company, Offshore Fabricators of London, which was planning permission to use Yorkhill Quay, says it will employ 400 within six months



### Then it suddenly struck me... safety!

For some time I felt I wasn't getting the best out of life. I was saving regularly and had a useful nest egg to fall back on. Then I suddenly realised—my investments just weren't giving me the sense of security that lets a man enjoy his leisure. Now my savings are in Bradford & Bingley Paid-up Shares—as safe as houses and producing 7.5% interest net per annum. Leaving me to relax and enjoy life with a carefree mind.

\*Equals 10.71% gross where basic income tax is paid at 30%.

## BRADFORD & BINGLEY BUILDING SOCIETY

HEAD OFFICE: BINGLEY, YORKSHIRE  
Assets exceed £400,000,000.  
Member of the Building Societies Association.

BBB



# COMPANY NEWS + COMMENT

## Accelerated progress for GEI at half way

PROFIT BEFORE tax of General Engineering Industries rose 23.8 per cent, from £541,000 to £670,000 for the six months ended September 30, 1973 on turnover expanding 8 per cent to £9,890m.

The 1973 figures included turnover of £1,570m and profit of £144,000 from companies since sold.

Chairman Mr. T. Kenny says that outstanding orders for home and overseas are at an all-time high. These ensure that, barring unforeseen circumstances, profit for the year will comfortably exceed the £1.25m pre-tax for the year ended March 31, 1973.

All subsidiaries increased turnover and profits for the half-year, in line with the accelerated progress foreseen in the annual report.

An interim dividend of 1.575p gross 1.025p net is declared.

Previously, there was an interim of 2.25p, and a final payment of 2.3p in the 18-month period ended March 31, 1973. Profit for that accounting period was £1.65m.

It is proposed to change the company's name to GEI International.

**comment**

The current half at General Engineering is traditionally the more buoyant, so, with order books up by 180 per cent, over the last 12 months, the pre-tax outcome of around £1.6m looks on the cards. All divisions are going well, but the steel side—with extremely buoyant demand for bright steel bars, a price increase in April and another due when the latest BSC increase comes through—is booming. Strength is also derived from the fact that, if indirect exports are taken into account, something like 50 per cent of sales go overseas. The company's anticipation of the present buoyant conditions, both in terms of expansion of capacity and stocking of raw materials, provides the final element of support for a fully diluted prospective p/e of 9.4 at 60p.

**S. & U. Stores**

**ahead 9% at midway**

Retailing and mail order group S. & U. Stores reports pre-tax profits up 9 per cent, at £108,708 against £101,840 for the half year ended July 31, 1973. Tax taken £31,583 compared with £40,816.

An interim dividend of 0.8125p maintaining the payment at 0.875p gross. Net cost of the payment of Ordinary dividends to the shareholders, after directors' waivers of £18,893, is £98,514.

Chairman Mr. C. Coombs says subject only to no major deterioration in the nation's economic climate, he sees no reason why the year's results should not indicate continued progress.

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For the 12 months to January 31, 1973, the pre-tax profit was £14,857 and dividends totalled 1.75p. Statement Page 12

**Porter Chadburn's progress**

First half pre-tax profit (to July 3, 1973), of Porter Chadburn, which probably reflects an element of accelerated capital expenditure by the brewers in the first half of this year. However, after a fairly stagnant first year together the advance also seems to indicate that Porter Chadburn and Chadburn are beginning to click. Given maintained second-half growth, the company might be looking for around £450,000 and a prospective p/e of 7.4 at 52p. Given that there are still problems on the plastics side, however—which may stop it returning to profits in the current year—this estimate may prove to be towards the upper end of the range.

Statement Page 38

**Lye first half profit advance**

IN THE SIX months ended September 30, 1973 profits of steel stockholders, Lye Trading have gone ahead from £300,512 to £449,001, on a turnover of £27m, against £27.05m.

Chairman Mr. F. C. Kitson, expects second half profits and turnover to show an improvement compared with the same period of 1972-73.

The interim dividend is maintained at a gross equivalent of 0.5p—0.35p net. Any permitted increase will be included in the 1973-74 total of 1.575p was paid from profits of £870,023.

First half 1973-74

Group turnover	£1,111,673	£1,056,814
Profit before tax	£27,512	£24,242
Taxation	£17,200	£11,200
Net profit	£10,312	£13,042
Surplus share account	—	—
Dividends	£13,234	£16,770
Retained	£1,111,673	£1,056,814

Cost of the interim dividend is £23,000, which is £1,000 net value.

The company, made public in May, 1972, manufactures brewery engineering equipment, etc.

**comment**

Porter Chadburn's interim pre-tax profits are up (on a comparable basis) by around 30 per cent, which probably reflects an element of accelerated capital expenditure by the brewers in the first half of this year. However, after a fairly stagnant first year together the advance also seems to indicate that Porter Chadburn and Chadburn are beginning to click. Given maintained second-half growth, the company might be looking for around £450,000 and a prospective p/e of 7.4 at 52p. Given that there are still problems on the plastics side, however—which may stop it returning to profits in the current year—this estimate may prove to be towards the upper end of the range.

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## Sir Joseph Causton tops £0.3m.

IN LINE with the forecast of a significant improvement, group pre-tax profit of specialist printers, Sir Joseph Causton and Sons, advanced from £191,193 to £257,211 for the year to September 30, 1973.

Earnings per 25p share increased from 2.5p to 3.1p and the gross dividend is raised from 2.575p to 2.4937p. The final 1.04p net, equal to 1.488p gross.

The profit includes £96,000 from Eastern Press, acquired January 1, 1973. Turnover expanded from £508m to £517m.

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## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre. of dividend	Total for year	Total last year
Brunning Group	1.575p	Jan. 7	1.63p	1.575p	1.575p
Clydesdale Invest.	0.71p	Jan. 15	1.0p	1.63p	1.63p
Clydesdale Invest.	0.44p	June 1	0.63p	1.63p	1.63p
Fred. Cooper	0.41p	April 4	0.88p	1.48p	1.48p
Gen. & Eng. Ind.	1.575p	Jan. 28	—	1.575p	1.575p
John W. Wassall	0.23p	Dec. 17	0.75p	1.58p	1.58p
J. W. Wassall	0.23p	Dec. 14	0.75p	1.58p	1.58p
Land Securities Inv.	0.214p	Dec. 21	1.5p	1.52p	1.52p
Lye Trading	0.33p	Jan. 11	0.5p	1.58p	1.58p
MEPC	3.28p	Dec. 31	3.75p	5.5p	5.5p
Morlagd	7.6p	Jan. 11	7.7p	15.3p	15.3p
Northern American Trust	1.21p	Jan. 4	1.15p	2.36p	2.36p
Porter Chadburn	1.57p	Jan. 7	1.2p	2.77p	2.77p
Samuel Properties	4.71p	Jan. 14	2.88p	7.2p	7.2p
S. & U. Stores	0.61p	April 9	0.88p	1.49p	1.49p
Sir J. Causton	1.49p	Jan. 2	1.38p	2.49p	2.49p
Stockholders Invest.	1.57p	Jan. 8	5.5p	7.07p	7.07p
Sumrie Clothes	1.57p	Jan. 3	3.5p	5.07p	5.07p
Swan Lane Spinning	1.57p	Jan. 2	—	1.57p	1.57p
W. Cook (Sheffield) Int.	0.88p	Dec. 21	0.88p	1.76p	1.76p
Westpool Invest.	0.87p	—	1.25p	2.12p	2.12p
Yorks. & Lancs. Trust	0.66p	Dec. 20	0.94p	1.49p	1.49p

\* Equivalent after allowing for scrip issue. † Pence in £. ‡ On capital increased by rights and/or acquisition issues. § From 6.25p net to last year's gross. (a) Net 1.05p. (b) Net 0.5775p net. (c) Net 0.625p net. (d) Net 1.05p. (e) Net 5.32p net. (f) Net 0.625p net. (g) Net 1.05p. (h) Net 0.5775p net. (i) Net 0.325p. (k) Net 0.625p net.







## MINING NEWS

## Gold Fields is confident

BY KENNETH MARSTON

"OUR PROSPECTS in world mining are as sound as ever," said Mr. Donald McCall at yesterday's meeting of the London-based Consolidated Gold Fields Limited. Of gold, which contributed 42 per cent. of the international mining group's record revenue in the past year to June 30, he considered that the ending of the two-tier market would not have a detrimental effect on our South African interests.

Despite the varying effects of Phase 3, he hoped that earnings in the U.K. would be maintained. The major source being from the Ameri Roadstone Corporation group. The new profit-making Wheel Jane, tin mine in Cornwall is expected to do "considerably better," no doubt in the light of higher tin prices going on since its technical problems have been largely overcome.

Drilling continues at the potential new Deelkraal gold mine in South Africa but a decision on its exploitation still awaits the outcome of negotiations which are to be resumed in coming months with the other mineral rights owners, the Anglo American Corporation group. On platinum, Mr. McCall regarded the immediate outlook as favourable. Clearly attracted by the investment opportunities offered by the U.S. he expected that the Azcon subsidiary should "continue to do well," while in Australia plans are being considered to mine the important and pure-grade Marra Mamba iron ore deposits. The copper-producing Mount Lyell is expected to increase output by about 30 per cent. this year and mill capacity at the Renison tin mine in Tasmania is being increased by nearly 80 per cent.

## TARA TALKS IN PROGRESS

Answering a newspaper query the Irish Government has confirmed that talks are in progress with Tara Exploration on the terms of a mining lease over part of the big Navan zinc-lead find. 32,340 tonnes, and Italy 29,750 tonnes, have been agreed since October 28. A spokesman declined to indicate whether an equity participation by the State was being discussed.

He also stated that the negotiations only concerned the ground south of the River Blackwater which is not involved in

the dispute between the Government and the Bula company, a Supreme Court decision on which is still awaited. The very fact that discussions about a lease have received a fresh measure of publicity has been sufficient over the past two days to boost Tara shares by 28p to 880p and then yesterday to reduce them by 13p to 865p.

## Roan Cons. Mines

THREE important points are made by Mr. Mulemba the new chairman of Roan Consolidated Mines in the annual statement. The first concerns the negotiations that are in progress over the new arrangements designed to give the Zambian Government a still greater say in the running of the country's vital copper industry.

Mr. Mulemba expresses the Government's wish that the partnership it has enjoyed with American Metal Climax, the largest minority shareholder in Roan, "should be strengthened." Second, the company's continued expansion is stressed. Third, the average sales price of £491 a tonne received in the year to last June contrasts sharply with the current three-month price on the London Metal Exchange of £587.

The chairman says that, although world copper supplies have been reduced by production difficulties including a number of force majeure declarations, Roan has been able to meet all its sales commitments. Production of 278,788 tonnes, sales were 282,955 tonnes and average cost of sales per tonne was slightly lower than in the previous year at £337.

Further expansion plans include the possible sinking of a new shaft to exploit the Mutlira ore-bodies at depth in the eastern end of the mine where substantial ore reserve additions have been made. Mr. Mulemba concludes by stressing his confidence in the continued growth of copper consumption. His report includes a map showing Roan's customers throughout the world and what tonnages they took. The largest are the U.K. 75,390 tonnes, Japan 38,370 tonnes, West Germany 32,340 tonnes, and Italy 29,750 tonnes, have been agreed since October 28.

A spokesman declined to indicate whether an equity participation by the State was being discussed.

He also stated that the negotiations only concerned the ground south of the River Blackwater which is not involved in

## BIDS AND DEALS

## John Harper agrees to Newman Industries offer

Newman Industries, the engineering and foundry group, is bidding for the majority of shares in John Harper and Co. The deal is agreed and carries the recommendation of the Harper Board. On the news, Harper's shares jumped 12p to 45p, while Newman remained at 55p.

In April, 1972, Newman acquired an 181 per cent stake in Harper for cash and said the shares would be held as an investment and that the company had no intention of making an offer for the remaining shares.

Harper yesterday announced pre-tax profits down from £129,955 to £87,390 in the half-year to October 7, 1973, on sales up from £1.97m to £1.38m. The Board recommends payment of an interim dividend of 4.2 per cent, net, equivalent to 6 per cent, gross.

Harper's downturn comes after profits of £270,526 were earned in the year to March 31, 1973, representing a partial recovery following a fall from a record £248,000 to £119,168 in 1971-72.

The company manufactures raw and fully machined castings in spheroidal graphite iron, mechanical and grey iron. Under Newman's ownership it would be expanded and developed with Newman's existing foundry interests.

A new group foundry Board is to be set up in Fenner last month and said that it had purchased a large number of shares to stop them being taken up by a foreign company.

Renold first announced the size of its stake in Fenner last month and said that it had purchased a large number of shares to stop them being taken up by a foreign company.

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envisaged in the foundry industry in the next few years.

Terms of the offer are 65p nominal of 101 per cent, partly convertible unsecured loan stock 1986-98 for each Harper share. This is worth 55p with the stock standing at 85. The stock will be 30 per cent, convertible on the basis of 75p, 80p and 85p of stock for each share in the years 1974, 1975 and 1976 respectively.

Singer and Friedlander has advised Harper, while Newman's advisers have been S. G. Warburg, who will send out offer documents as soon as possible.

## Fenner's £3m. acquisition

The voting rights of Renold, one of the U.K.'s largest power transmission engineering concerns, in fellow power transmission group, J. H. Fenner and Co. (Holdings), have been reduced from 28 per cent. to some 20.4 per cent. as a result of the issue by Fenner of nearly £3m. worth of new shares in respect of two acquisitions.

Renold first announced the size of its stake in Fenner last month and said that it had purchased a large number of shares to stop them being taken up by a foreign company.

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tangible assets to B.Fr.143.8m.

The remaining 30 per cent. of subsidiaries is held by Bluewood B.V., property subsidiary of Pakhoed of Rotterdam, a major Dutch public company.

The acquisition is regarded as a base from which Land and House can undertake a major portion of its planned European expansion.

## Consortium has 61% of SIH

The share price of Shipping Industrial Holdings yesterday rose above the Vlasor-Capital consortium's offer price of 25p for the first time since just after the bid was announced on November 6.

It rose to 35p, on moderate buying by a party believed to be unconnected with the consortium, later easing to close 3p up at 32p. Earlier in the day, large purchases of earlier transactions, shares and taken place on behalf of Navet Shipping, the consortium's company. This is understood to have raised the consortium's stake in SIH to 61 per cent, compared with just over 50 per cent. at the time of the bid.

It was estimated in the City that the later buying from another quarter, pushing the share price above the bid level was of a quantity in the region of 20,000 shares. While the price is above 25p, the effect is that the consortium cannot add to its holding without incurring an obligation to extend a higher price to all holders.

It is thought that yesterday's purchases by the consortium included shares formerly held by the Prudential Assurance and other large institutional investors.

In reports of earlier transactions, brokers L. Messel said that last Thursday they had bought 377,000 SIH shares at 30p and another 60,000 at 25p on Monday this week, both cases on behalf of associates of Navet.

MR. HYMAN READY TO RESELL ECC STAKE

Mr. Joe Hyman, the industrialist who last week bought a 19.7 per cent. shareholding in English Card Clothing, raising his interest to some 23 per cent., last night confirmed a report that he was willing to resell his stake to the ECC Board at the same price.

"I have no attitude other than goodwill for the company," said Mr. Hyman, who is chairman of the John Crowther Group which, like ECC, is based in Huddersfield. He said he would be perfectly happy for the ECC Board to repurchase his shares or to arrange a placing for the holding.

Mr. Hyman added that he had not been in direct touch with the ECC Board about his willingness to resell. He said he had had meetings with Friday as the date by which such a deal might be arranged.

ECC's chairman, Mr. S. J. S. Walker, said last night that he had no comment to make on Mr. Hyman's reported readiness to resell his shareholding.

Mr. Hyman also stated yesterday that he would have been perfectly prepared to make an offer for the balance of the ECC shares at the price he had paid for his recent purchases.

But he added: "I would not wish to make a hostile bid." ECC shares last night closed 1p down at 31p.

OIL SITUATION PUTS OFF TRIANCO DEAL

The £770,000 deal under which Central and Sheerwood Trust was to have sold its Redfye central heating business to Trianco Group, also in central heating, against a share issue giving a substantial stake in Trianco, has been called off.

The CST Board said yesterday that, following further discussions, the proposed merger would not take place because of the uncertainty surrounding the position of oil supplies "which is having a marked impact on the oil-fired central heating equipment market."

Under the get-together arrangement, fixed up two months ago, CST would have held an interest of more than 40 per cent. in the enlarged Trianco equity. Redfye came to CST through its acquisition of Newton Chambers.

The idea had been that certain production of Trianco would be carried out at Redfye's works, but with the oil crisis affecting demand for central heating, less logic is now seen in this arrangement.

The shares of Trianco, which in 1972 incurred a loss of £31,000 after tax and extraordinary items, were unchanged at 51p yesterday, and the company's interim trading statement is expected in the next few days. CST's shares closed at 35p, also unaltered.

## BRITISH ASSETS TRUST LIMITED



The Seventy-Sixth Annual General Meeting of British Assets Trust Limited will be held on 13th December, 1973 at the registered office of the Company, 1 Charlotte Square, Edinburgh.

The following are extracts from the Review of the Chairman, Sir Alastair Blair, K.C.V.O., W.S., which has been circulated with the Report and Accounts for the year ended 30th September, 1973.

**INCOME IMPROVED**  
Our income for the year under review showed further improvement although, with dividend restraint operating both in the United States and here, the increase could not be expected to be very great. Higher interest charges, however, have reduced the amount available for Ordinary Shareholders although, this year, due to changes in the taxation of dividends, our proposed maintained distribution to our Shareholders is fully covered.

**SATISFACTORY VALUATION**  
The past year was not an easy one for investment and our Managers have travelled widely, not only to keep our existing holdings under review, but also to search out new opportunities. Our Net Total Assets, although slightly down from last year's record figure, are still well above the 1971 level and the break-up value of our shares,

allowing for full conversion of our Loan Stock, can be considered satisfactory at 81.46p.

**INCREASED INVESTMENT IN AMERICA**  
Early in July the Board decided, as a matter of policy, to increase our commitment in North America, and the percentage of our investment in that Continent at 30th September 1973 reflects both this and a rising market.

**THE CURRENT YEAR**  
The latest outbreak of hostilities in the Middle East has not made any easier the problem of management of investment funds. We in Europe are faced with a threat to our oil supplies which, whether or not fuel rationing becomes necessary, is bound to have its effect on industrial profits here and elsewhere. In addition, inflation and high interest rates are still with us and are world wide in their effect. Against this background, I must sound a note of caution as we consider the current year. We shall however, with our investment managers, continue to search for good long term growth investments. Provided stable conditions can be restored and maintained, particularly in the Middle East, I would hope that we can again put before you satisfactory results in a year's time.

## TEN YEAR RECORD

Year to 30th September	Net Total Assets	Asset Value per Ordinary 25p Share (b)	Gross Revenue	Ordinary Dividend per 25p Share (b) (subject to tax)
	£'000	p	£	p
1964	43,924	38.92	1,619,393	1.20
1965	42,618	37.73	1,788,341	1.46 (c)
1966	39,585	34.19	1,897,306	1.46
1967	54,100	52.44	1,949,238	1.46
1968	91,608	88.78 82.32 (a)	1,886,765	1.46
1969	79,195	73.48 89.57 (a)	2,480,781	1.48
1970	73,063	65.87 63.22 (a)	2,489,549	1.46
1971	87,153	81.95 76.63 (a)	2,503,995	1.50
1972	105,220	95.45 87.87 (a)	2,970,378	1.75 (d)
1973	101,461	87.74 81.46 (a)	3,037,029	1.23 (actual)

Notes: (a) Assuming full conversion of Loan Stock. (b) Adjusted for (i) 1 for 3 scrip issue in February 1964, (ii) 1 for 1 scrip issue in March 1966, (iii) 1 for 1 scrip issue in December 1969. (c) Including special of 0.21p. (d) Including bonus of 0.25p.

## TOP TEN HOLDINGS Ranked by value at 30th September 1973

No.	Amount	Stock	Value * £	Percentage of Portfolio *
1	254,300	Pennzoil \$0.83 Common	3,925,403	4.0
2	91,800	Pennzoil \$1.33 Conv. Prefd.	3,777,908	3.9
3	2,906,083	Atlantic Assets Trust	3,731,000	3.8
4	220,000	Rank Organisation Ord.	3,498,509	3.6
5	600,000	Rank Organisation 'A' Ord.	2,630,922	2.7
6	165,200	Nederlandsche Scheepvaart Unie	2,532,500	2.6
7	163,000	Royal Dutch Petroleum	2,329,007	2.4
8	500,000	British Petroleum	2,145,600	2.2
9	665,000	GBC Capital	2,066,244	2.1
10	1,440,000	General Electric Ord.	1,977,104	2.0
11	210,000	United Gas		
12	155,000	European Community Trust		

\* Excluding London Premium in the case of non-sterling securities.

Top Ten Holdings 28,614,197 29.3

## Sirdar - record results achieved

Reporting on an eventful year, the Chairman, Mrs. J. M. Tyrrell in her annual statement to shareholders, said:

"The results for this year achieved a new record. It is however disappointing that the results of U.K. operations for the second half-year were not quite so good as I had hoped.

**United Kingdom**  
The sharp rise in wool prices, coupled with the price restrictions under the Pay and Prices Code had a marked effect on margins towards the end of the year. Apart from this, consumer reaction to higher prices turned demand towards a higher proportion of synthetic yarns. Twelve new lines have been introduced during the past seven months to meet this change in demand.

The acquisition of John C. Horsfall & Sons Limited is bringing additional benefits to the Group. This company produces and markets a range of hand knitting yarns in the 'middle' price bracket and has for some years concentrated on synthetic yarns.

**Overseas**  
It is the opinion of the Board that future investment should be centred in Europe in order to take full advantage of production in the United Kingdom. It was therefore decided some time ago to dispose of Sirdar Woods (Australia) Pty. Ltd., whilst allowing Sirdar yarn to be produced and marketed in Australia under licence.

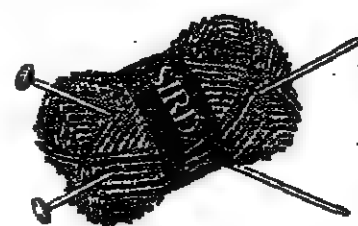
We achieved a further advance in West Germany. A more significant improvement is anticipated in the current year.

The advance in the affairs of our South African interests has continued resulting in a return to profitability.

**Outlook**  
The current season made a rather slow start due to the prolonged mild weather but the pace has increased in recent weeks, reports of retail sales are good and we look forward to achieving our sales forecasts. However higher costs of materials and labour, and restrictions of prices must inevitably mean reduced margins in the short term."

Summary of Results	1973	1972
Turnover	9,480,978	6,623,834
Profit before tax	842,300	634,934
Profit after tax	420,458	358,486
Ordinary Dividend	166,324	148,793
Shareholders' Funds	3,461,129	2,204,759
Earnings per Ordinary Share	6.90p	5.77p

Copies of the Annual Report, containing the Chairman's Statement in full, available from The Secretary, Sirdar Limited, Beehive Mills, Alverthorpe, Wakefield, WFA 9ND.



SIRDAR

## BISHOP'S STORES LIMITED

## Sales and profits reach new record levels

Mr. J. H. Bradfield reports on a successful year in which—

Turnover increased from £38.7m to £43.5m

Profit before tax increased from £270,474 to £331,055

Earnings per share increased from 2.75p to 6.36p

Concluding his Review of 1972/73 the Chairman says—

"This year's profit, although much improved, still represents only a moderate return on the true capital employed in our business. Our internal forecasts show that we shall produce a better performance in the current year, although we are apprehensive of the economic situation... morale within the Group is high and I expect an exciting year."

FOOD DISTRIBUTORS  
RETAIL - WHOLESALE - CASH AND CARRY - CATERING

## WOOD HALL'S CONTINUED GROWTH

45% increase in profits to £7.3m

Overseas earnings lead the way

"In 1973, for the third year running, Wood Hall made another leap forward and set a new and high record for the pre-tax group profits" said Chairman, Mr. Michael Richards, reporting group pre-tax profits of £7.336m. for the year to 30th June 1973, £2.3m. or 45% above the previous year.

The divisions which made the major contributions to the substantial increase in group profits were, in the United Kingdom, Building, Contracting and Estate Development (up by £917,000, being 79 per cent.) and Materials Handling (up by £368,000, being 113 per cent.) and, in Australia, Pastoral Trading (up by £1,188,000, being 187 per cent.) and Civil, Mechanical and General Engineering and Coal Mining (up by £600,000, being 45 per cent.). It is noteworthy that the percentage of the group profits earned in and contributed by the two Divisions in Australia has increased from 39.1 per cent. in 1972 to 51.2 per cent. in 1973.

Over the last three years the group has not been enlarged by any major acquisitions. Concentration has been upon expansion from "within" and the results shown, by the last three years' profits record, have justified this course. This policy, which involves the giving of virtual autonomy, coupled with

responsibility and authority, to individual managers, will continue to be implemented.

Possible major acquisitions are under consideration and investigation. Clearly, as is demonstrated by the 1973 Consolidated Balance Sheet, Wood Hall has the resources required to undertake a major acquisition and, unless that acquisition is very large, it will not need to increase its equity capital for this purpose.

The ordinary dividend, the maximum permitted, is the equivalent, including imputed tax credit, of 21 per cent. (1972—20 per cent. after adjustment for capitalisation issue).

Ordinary Stockholders' Funds increased during the year by £4,238 million to £21,274 million and are equivalent to 86.7p (1972—89.4p after adjustment for capitalisation issue) per Ordinary Stock unit of 25p.

HIGHLIGHTS—YEARS ENDED 30th JUNE	1973	1972
Group profit before tax	£7,336,000	£5,040,000
increase on previous year	45%	59%
Earnings on Ordinary stock per 25p unit	£3,601,000	£2,622,000
	14.8p	10.7p
Dividend on Ordinary stock net (1972 gross) per 25p unit (gross)	£902,000	£1,227,000
	21%	20%
Ordinary Stockholders' funds per 25p unit	£21,274,000	£17,036,000
	86.7p	68.4p

\* adjusted for scrip issue

## WOOD HALL TRUST LIMITED

AN EXPANDING INTERNATIONAL GROUP OPERATING IN UNITED KINGDOM—AFRICA AND FAR EAST—AUSTRALIA

Civil and general engineering and coal mining (Australia) building, contracting and estate development pastoral trading - finance and property - food - overseas trading - materials handling - plant hire

The full Report and Accounts and Chairman's Statement are available from the Secretary, St. MARTIN'S HOUSE, 140 TOTTENHAM COURT ROAD, LONDON W1P 6LN

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# Overseas lift for MEPC

# FROM



## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## Moët Hennessy makes bid for Pommery

BY RUPERT CORNWELL

PARIS, Nov. 20

A SECOND contested takeover bid involving a French champagne company within a week is almost certain here, following the surprise share exchange offer by Moët Hennessy, for its smaller rival Pommery et Reims, makers of Pommery champagne.

Moët's bid comes just as Piper-Heidsieck announced that it is backing down from its attempt to take control of Salins du Midi, one of the country's largest wine growers, with 1,400 hectares under vines in the Roussillon area south-west of Montpellier.

Although Piper carries considerable weight as the third largest group in the French champagne industry, it decided not to contest the rival bid put in by Ciel la Henin, an associate of the powerful Financière de Suez.

Already in control of 10 per cent of Salins du Midi through its Banque de l'Indochine subsidiary, Suez was understandably reluctant to see the lucrative Mediterranean real estate

holdings of Salins slip from its grasp. The La Henin bid values each Salins share at Frs408, some 25 per cent above the last Bourse price before the quote was suspended.

Piper said last night that it would not be in its own shareholders' interest to contest the bid at those levels. But it hinted it might return to the fray later, in its efforts to create a "truly international-sized wine group."

The chances are that Moët's bid for Pommery, itself the fifth biggest champagne company, will be anything but smooth as well, although most industry specialists feel that its prospects for success are brighter.

The main obstacle is Pommery's president, Prince Louis de Polignac, who personally controls what amounts to a blocking minority of 25 per cent of his company. He has always insisted on being independent, and is unlikely to have changed his mind now, at a time when

most champagne houses are faring very well.

The terms of Moët's bid are still unknown, although most Bourse experts are expecting a one-for-one straight exchange offer. However, Moët is understood to have the agreement of Banque de l'Union Européenne, of the Schneider group, to take over the 12.5 per cent stake that it holds in Pommery.

If Moët, which took over Champagne Mercier only two and a half years ago, does succeed it will significantly strengthen its position as the biggest champagne producer in France. Already its annual output is 20m bottles a year, far ahead of the 11m bottles of its nearest competitor, Mumm.

The attraction of Pommery, with sales of some 3m bottles a year, is the relative under-utilisation of its vineyards, a tempting prospect for Moët, whose sources of supply are already dangerously overstretched.

## Canada seeks curbs on foreign investors

BY JAMES SCOTT

TORONTO, Nov. 20

THE DOMINANT groups in Canada's stock and bond business have proposed a compromise plan for uniform, nationally acceptable curbs on foreign participation in the industry.

Still requiring approval of provincial governments—something that has been a stumbling block for years—the proposed regulations would prevent any new foreign controlled firms from dealing with the Canadian public. But foreign controlled firms already established in Canada would continue to operate freely.

The proposal comes after long and delicate discussions among the Toronto Stock Exchange and the Investment Dealers Association of Canada. Their basic problem has been to reconcile regional interests and varying provincial attitudes toward foreign investment. The agreement among the Stock Exchanges and Investment Dealers does not guarantee the provinces will go along.

The joint securities industry proposals also urge that exempt Canadian institutions—financial intermediaries such as insurance companies and mutual funds that are regarded by Canadian regulatory authorities as sophisticated investors not requiring prospectus protection—be permitted to trade only with firms registered in Canada.

The other major U.S. car producer represented here, Chrysler, is expected to turn in a substantially increased profit this year. Last year it made Pts. 37m. following several years of heavy losses. However, production and sales are both up considerably in the first 10 months of this year and the company claims to have sold virtually every car before it leaves the production line.

The other major car producers, Fiat, Renault, Citroën Hispania and the British-owned Leyland, are all reported to be enjoying a good year while persistent rumours remain that General Motors will soon decide to follow Ford's example and set up a manufacturing plant in Spain.

During the third quarter of the year car production in Spain reached 147,507 units against 124,002 for the comparable period in 1972 while total sales jumped from 152,138 to 150,534.

This suggestion is aimed at "poachers"—foreign firms who read representatives to Canada seeking institutional business but who are not established in Canada. Many brokers and dealers regard the poachers as a group that reduces the liquidity of the Canadian market by skimming off large block business, thus depriving the Canadian industry of the ensuing commission revenue.

It is not proposed that establishment of new foreign controlled firms be completely blocked nor that new firms with substantial foreign interests be banned. New foreign controlled firms would be permitted registration to deal with Canadian institutions, both governments and corporate, who for various reasons deem it necessary to seek capital outside Canada or to deal with certain institutions that may require foreign securities in their portfolios.

In addition, new foreign participation would be permitted in Canadian controlled firms as long as it does not exceed 25 per cent and no one foreign holder has more than 10 per cent.

## A stake in the art market

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Nov. 20

IS now valued at some ¥135,000m. (just over \$200m.) a year but is expected to double in size within the next five years. About 20 per cent of art sales in Japan are of Western art objects and Maruborou-Torai is putting up private funds for the new venture. Two of the company's best-known backers are Mr. Aki Morita, chairman and co-founder of Sony Corporation, and Mr. Koichiro Matsushita, founder of Matsushita Electric.

Mr. Torii, who is a former Japanese naval officer, has come to the art business via journalism, the fashion world and advertising. He is former managing director of Tokyo Advertising Agency and a director of JC TV, the organisation which provides English language TV programmes to hotels and private subscribers in Tokyo.

The Maruborou-Torai venture is based on the belief that pictures and art objects will become a major target for Japanese private investment over the next few years, to some extent replacing real estate which is increasingly hedged about with controls, and the stock market. The entire Japanese art market

## THE SYFRET-UAL MERGER WITH NEDBANK

By RICHARD ROLFE

THIS has been a record year for mergers in Johannesburg. In April, Syfrets and UAL got together in a R120m deal while the Federated Stores-SA with banking profits not fully disclosed in South Africa, Nedbank, in showing R12m net for the purposes of merger, has raised its net figure 50 per cent from the R8m in the report and accounts only on November 10. This has led to clamour for full disclosure, as in London.

The official statement on the merger says that it is expected that combined net profits "on a fuller disclosed basis" will be not less than R24m for the year to September 30, 1974, or earnings of 28c per share. With a forecast dividend of 14c, Nedbank and Syfrets-UAL is, therefore, on a prospective p/e of just over 10 and yield of 4.4 per cent.

The broad concept is that Syfrets contributes to the deal the biggest merchant banking operation in the Republic and a weight of managed funds—probably around R1,200m—which

tributions of R12m from Nedbank to September 30, R8m from Syfrets to December 31 and R18m from Nedbank, also to December 31.

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The broad concept is that Syfrets contributes to the deal the biggest merchant banking operation in the Republic and a weight of managed funds—probably around R1,200m—which

confer tremendous power over new issues. Its offshoots include joint companies with Bowring's (insurance broking) and Charterhouse (development finance).

Nedbank is the third biggest commercial banking concern in the Republic after Standard and Barclays, and thus the biggest wholly-South African bank.

It has a good growth record, with deposits up from R145m in 1964 to R506m. for the year just ended, which saw total group assets at R1,250m, and 83 branches throughout the Republic and South West Africa. Among its diversifications, other than Nedbank, are 40 per cent of Sage Fund, the biggest mutual fund in the country, and in turn a major shareholder of Nedbank; Credor, a leading associate, and Ethworn Nibco, insurance broking.

The new group's non-executive chairman will be Dr. Frans Cronje, at 62 one of the Republic's leading industrialists, who is also chairman of SA Breweries. A former United Party MP, he is also UP treasurer and a close associate of Sir de

Villars Graaff, whose brother on the Nedbank Board.

But the dominant personal factor seems certain to be Mr. I. Abrahamse of Syfrets, confirmed as joint executive deputy chairman, with Mr. Gerry Muller, Nedbank, and as chairman in Cronje's absence.

With a successful career Shell behind him, Abrahamse returned to Syfrets and to Soc Africa as his apparent only years ago. Now, at 50, he has established Syfrets firmly in the language by these two remarkable reverse takeovers. At a time gossip had him destined Anglo American but, with a le R2,000m, of assets behind a new group, Abrahamse has established an enormous financial power base of his own.

Except for the eventual possibility of links with one of the other mining houses (apart from the existing close Deputy Chairman of Anglo American, with Barlow's) Nedbank-Syfrets is likely to turn its attention overseas. Internal realisation is scheduled for 18 months after that the group should be powerful enough to make world its oyster.

## Ford 'sets deadline' to reach agreement on land purchase

BY ROGER MATTHEWS

MADRID, Nov. 20

THE DISPUTE between Ford España and local farmers in the Almusafes area of Valencia over the purchase price of land the wholly-owned American subsidiary needs to acquire for its new factory there deepened yesterday. In a local newspaper announcement the company revealed that so far it had only managed to buy 15 per cent of the land it wants. According to local sources, the statement carried the implied threat that if agreement was not reached soon the company would consider building the plant elsewhere.

The majority of farmers have turned down the Ford offer which ranges from around 2500 for the equivalent of 0.2 acres of ordinary farm land to over 2500 for a similar area devoted to fruit growing, particularly oranges. Ford has consistently stressed that it wants to come to an amicable arrangement with

the land owners but has been so disappointed with local response. Yesterday it decided to shut its office in Almusafes which had been set up specifically to handle land sales.

The company is obviously anxious to avoid resorting to a compulsory purchase legislation which exists and is believed to have set a Thursday deadline to see if some solution can be found. However, Ford would not want at this stage to begin the lengthy process of finding a new greenfield site, particularly as the Valencia region was decided on only after detailed assessments.

The factory planned for Almusafes would cover about 450 acres and at full production is expected to be able to produce around 240,000 cars a year. It would employ about 8,000. Meanwhile the rest of the Spanish car industry seems to be heading for a record year. The

LONDON

## NOTICE OF REDEMPTION

To the Holders of  
Compañía Anónima Nacional  
Teléfonos de Venezuela  
8% Guaranteed Sinking Fund  
Debentures Due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of December 15, 1972 providing for the above Debentures, 65,000 principal amount of said Debentures bearing the following serial numbers have been selected for redemption on December 15, 1973, through operation of the Sinking Fund, together with accrued interest thereon to said date:

DEBENTURES OF \$1,000 EACH

M-55 2371 4472 6804 8807 10704 12976  
14114 16114 18114 20114 22114 24114  
26114 28114 30114 32114 34114 36114  
38114 40114 42114 44114 46114 48114  
50114 52114 54114 56114 58114 60114  
62114 64114 66114 68114 70114 72114  
74114 76114 78114 80114 82114 84114  
86114 88114 90114 92114 94114 96114  
98114 100114 102114 104114 106114 108114  
110114 112114 114114 116114 118114 120114  
122114 124114 126114 128114 130114 132114  
134114 136114 138114 140114 142114 144114  
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## ARMING AND RAW MATERIALS

## Japanese commodity spiral

TOKYO, Nov. 20. IN all Japanese commodity exchanges, including cotton, rubber, raw silk, soybean, rose, sharply rising overseas markets, to Reuters.

and power shortages, which lead to production cutbacks, led to a sharp rise in prices. The latest report from the U.S. of moves for stockpile releases of these two metals.

Cash tin gained as much as \$52.5 to a record of \$2,387.5 a tonne, and has now moved to a significant premium over the three months quotation.

This suggests a shortage of nearby supplies has developed, despite the fact that the tin market is one of the biggest daily amounts sold, but apparently has been absorbed by the U.S. market.

The rise in London prices yesterday was triggered off by another steep increase in the Malaysian market overnight.

## Rubber price at new peak

URAL RUBBER prices led to new peaks on the London terminal market yesterday.

The No. 1 RSS spot price raised by 3.75p to 42.50p a tonne.

The rise was attributed to buying by Japanese processors following news that synthetic rubber producers in Japan are considering substantial price increases because of rises in oil, power and wages.

pan Synthetic Rubber said a rise was unavoidable as it will compel it to curtail production, reports Reuters.

Japan Zeon also said the price increase and oil price cutbacks are affecting the production of petrochemicals, a major supplier of raw materials to the synthetic rubber.

## UPPER MEXICAN SUGAR CROP

Mexico's 1973-74 sugar crop is estimated at 2.75m. tonnes, 100 tonnes more than last year, the National Sugar Industry Commission said yesterday.

Francisco Cano Escobedo, Commission spokesman, said 100 tonnes would be exported to the U.S.

He said a bumper crop was expected by the signing of a new convention which will improve relations between cane growers, refinery workers and processors during the next three years.

## Surge in tin market lifts prices to new peak

BY JOHN EDWARDS

TIN PRICES soared to new peaks on the London Metal Exchange yesterday, but the rise in copper and zinc was slowed down by reports from the U.S. of moves for stockpile releases of these two metals.

Cash tin gained as much as \$52.5 to a record of \$2,387.5 a tonne, and has now moved to a significant premium over the three months quotation.

This suggests a shortage of nearby supplies has developed, despite the fact that the tin market is one of the biggest daily amounts sold, but apparently has been absorbed by the U.S. market.

The rise in London prices yesterday was triggered off by another steep increase in the Malaysian market overnight.

The Straits tin price in Penang rose by \$M14 to \$M894 a picul on sales of 270 tons, although total demand was estimated at nearly 900 tons.

Such is the demand in Malaysia at present that it is being confidently forecast, according to Reuters, that prices will soon exceed the 1964 peak of \$M853.25 a picul. The highest price ever was \$M977 reached during the Korean war.

## Stockpile

The surge in demand in Malaysia for tin is attributed to the cutbacks in production in Thailand, the world's third biggest tin producer: what was described as "panic buying" and the use of tin as a safeguard against currency fluctuations. In the London "paper" market for tin, speculative buying is an additional important influence.

A report from Washington that a Congress subcommittee plans action next week on bills to permit the sale of Government stockpile copper, zinc and aluminium, brought a decline in the three months quotation for copper wirebars of \$13 to \$87.5 a tonne. However, the squeeze on nearby supplies kept the cash wirebars steady at \$1,012.5 a tonne.

The proposed legislation is to authorise the sale of 258,700 short tons of copper from the U.S. stockpile, but it has been held up so far by opposition from the House subcommittee chairman on the grounds that the sale might harm the U.S. defence position. It seems he may have been persuaded now to let the bill go through. The amount of copper involved is not thought to be enough to meet the acute scarcity of supplies in the U.S., although it might help halt the present upward spiral in prices.

Evidently the developing countries like Zambia and Peru, who were expected to press for a higher rise or possibly the abandonment of the producer price system, have been persuaded that their long-term interests lie in maintaining some stability.

Possibly influencing this decision was the likelihood of a sharp downturn in demand for zinc as a result of the sharp drop in the price of the metal, which has led to industrial activity.

## Drop in copper demand warning

BY OUR COMMODITIES EDITOR

PRICE FALLS in copper, which would undoubtedly occur once the present business cycle had gone into its London phase, are not going to be large, warned the Council of Copper Exporting Countries (Cipec) in a report issued yesterday.

Cipec commented that the present slump in prices was expected to continue at least during the first part of the coming year.

The report said the curtailment of all deliveries would undoubtedly add to the feeling of insecurity in the industrialised world about mineral supplies from developing countries. This might induce moves for strategic

or other stockpiling of metals such as copper, with increased prices as a result. However, in the longer term if all supplies are severely restricted this could lead to a decrease in the demand for metals.

On the production side, Cipec said output by its four member countries, Chile, Peru, Zambia and Zaire, had risen to 1.4m. tonnes during the first eight months of 1973, against 1.3m. tonnes in the same period of 1972.

Meanwhile, a forecast that metal prices will fall as a result of fuel cutbacks hitting consumption harder than production was

made at a meeting of the Association of Mining Analysts yesterday. Mr. R. Perlman, of the Commodities Research Unit, said it was unlikely that any government would single out the metals industry for particular restrictions in a rationing system because of their importance as raw materials of many other industries.

Mr. Perlman pointed out that the metal-producing industries would have to suffer substantially worse oil cutbacks than average before metal prices were forced up any higher, since supplies were at least partially insulated from the energy crisis.

The government-owned Jute Corporation has been able to purchase less than 30 per cent of the target set for it. Thus there is a glut of supplies in primary marketing centres, where growers offer their fibre for sale.

Against this background of abundant supplies the consumption of Indian jute mills is likely to be appreciably less than the normal 7m. bales due strictly to power cuts hampering mill working and because of recently decreased labour productivity.

## India seeks markets for surplus jute

BY OUR OWN CORRESPONDENT

INDIA'S DECISION to export 500,000 bales of raw jute in the current jute year is prompted by two factors—to take the pressure of heavy arrivals of local markets, where prices remain well below the officially prescribed minimum for growers, and India's need to earn foreign exchange by taking advantage of the world shortage of raw jute.

Bangladesh's inability to export much of her raw jute because of serious internal communication difficulties is partly responsible for the world shortage.

Mr. Grantham was elected chairman, replacing Mr. James Rennie, who has held office for the past 15 years.

India's raw jute crop this year is officially estimated at around 7.5m. bales, but trade circles place it higher, around 8m. In addition, India is committed to exporting at least 500,000 bales from Bangladesh under the trade agreement while amassing from Bangladesh, where ruling prices are much below those prevailing in India, is going on all the time.

Indian jute mills are trying hard to match their purchases with targets that the Jute Commissioner fixes for them every month, but wagon difficulties

CALCUTTA, Nov. 19.

have greatly hampered their buying operations.

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Against this background of abundant supplies the consumption of Indian jute mills is likely to be appreciably less than the normal 7m. bales due strictly to power cuts hampering mill working and because of recently decreased labour productivity.

## Producer raises zinc value

A ZINC PRICE rise of \$50 to \$200, a tonne, was announced yesterday by Nchanga Consolidated Copper Mines of Zambia. This is expected to set the pattern for a general increase in the European producer price for zinc, following a meeting of producers in London. Other producers are expected to follow the Zambian lead soon.

The increase was generally expected, although forecasts have ranged from \$20 to over \$100. In fact a \$50 rise is considered to be reasonable in the circumstances, with the acute shortage of zinc supply and prices of over \$700 a tonne being paid on the London Metal Exchange recently.

Evidently the developing countries like Zambia and Peru, who were expected to press for a higher rise or possibly the abandonment of the producer price system, have been persuaded that their long-term interests lie in maintaining some stability.

Possibly influencing this decision was the likelihood of a sharp downturn in demand for zinc as a result of the sharp drop in the price of the metal, which has led to industrial activity.

The proposed legislation is to authorise the sale of 258,700 short tons of copper from the U.S. stockpile, but it has been held up so far by opposition from the House subcommittee chairman on the grounds that the sale might harm the U.S. defence position. It seems he may have been persuaded now to let the bill go through. The amount of copper involved is not thought to be enough to meet the acute scarcity of supplies in the U.S., although it might help halt the present upward spiral in prices.

Strong tone in wool markets

CONDITIONS REMAIN very firm in the Australian wool market, reports Reuters from Adelaide.

An official report on the latest sales says conditions were keen, principal buyers being the East European countries.

At the Newcastle wool sales, the CAP had become "extremely expensive." He rejected a French argument that the European support cost only some 54 per cent of the gross agricultural product, whereas in the U.S. the cost of support was some 12 per cent.

Mr. Godber was in no doubt that in his 10 years of evolution, the CAP had become "extremely expensive." He rejected a French argument that the European support cost only some 54 per cent of the gross agricultural product, whereas in the U.S. the cost of support was some 12 per cent.

Mr. Godber said he was also not opposed, in principle, to a common policy for sheep meat, but it must be geared to the needs of producers and consumers in Britain and the U.K. commitment towards New Zealand.

The reaction of other Ministers to the Commission proposals

POTATO BOARD'S NEW CHAIRMAN

Members of the Potato Marketing Board elected a new chairman yesterday—Mr. Geoffrey Grantham. He is a 47-year-old Lincolnshire farmer and potato grower who has been on the Board since 1964.

Mr. Grantham was elected chairman, replacing Mr. James Rennie, who has held office for the past 15 years.

Consider consumers more, urges Godber

BY NOLAN REEVES

THE EUROPEAN Commission's proposals for reforming the Common Agricultural Policy do not take sufficient account of the need to combat inflation and contain consumer prices, Mr. Joseph Godber, the Minister of Agriculture, told the EEC Council of Ministers here today.

He was speaking during the first Ministerial discussions on the Commission's reform proposals, published a fortnight ago, which include a freeze on wheat prices, a tax on surplus milk production, and other measures to streamline the policy so as to give an estimated saving of up to £500m. a year in the cost of the CAP by 1978.

Mr. Godber stressed that the Commission should examine the CAP reform in the light of six principles. These were:

1. To act positively to combat inflation and contain consumer prices.

2. To improve the methods of financial control by improved estimating, adequate costing and detailed control of expenditure.

3. To improve the price relationship between different agricultural products.

4. To reduce surpluses and devise a method of controlling them.

5. To contain the cost of the CAP.

6. To simplify support mechanisms of the policy.

The British Minister said that while the last four principles were quite clearly dealt with in the Commission's proposals, the first two were only implicit.

"We have got to look at the effect on the consumer and the effect on the inflation," he declared.

Mr. Godber was in no doubt that in his 10 years of evolution, the CAP had become "extremely expensive." He rejected a French argument that the European support cost only some 54 per cent of the gross agricultural product, whereas in the U.S. the cost of support was some 12 per cent.

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The reaction of other Ministers to the Commission proposals

BRUSSELS, Nov. 20.

was much as expected. Mr. Jacques Chirac, the French Minister, congratulated the Commission on producing proposals which did not attack the fundamental CAP principles.

He described the policy as the "motor" of Community development, and integration and a "good thing." It had given stable prices, did not require undue intervention buying and selling, was much cheaper.

He admitted the need for improvement in market management, but felt that the proposed tax on surplus milk would lead to difficulties. The sheep meat proposal did not go far enough and the beef proposal needed clarification.

Herr Josef Ertl, the German farm Minister, emphasised that the conditions were not the same as when the CAP was set up. At the outset, there had been a lack of appreciation of its interdependence with other Community policies, notably on the regional, monetary and economic policies. This had led the CAP into an absurd situation. Some farmers benefited from this while others lost out.

He said any improvements should not hit farm incomes and should also take account of consumer interests. West Germany was in favour of stockpiling to offset the danger of shortages in the EEC and the rest of the world. It also supported the number of regulations to make the system simpler.

A number of specific reservations were voiced by other Ministers. The Italian representative was unhappy at the prospect of dearer milk prices.

The Dutch Minister urged caution before extending the CAP to potatoes and sheep meat, which might make the policy more expensive. The Irish were unhappy at the proposed milk tax.

Mr. Godber said later that he felt all members, save the French, were unhappy at the cost of the policy.

However, Mr. Pierre Lardinois, the Commissioner responsible for Agriculture, said that all members accepted the financial burden entailed in the CAP, except Mr. Godber.

Mr. Lardinois emphasised that he was open to any additional reform suggestions, provided they did not increase the burden on the taxpayer.

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The reaction of other Ministers to the Commission proposals

was much as expected. Mr. Jacques Chirac, the French Minister, congratulated the Commission on producing proposals which did not attack the fundamental CAP principles.

He described the policy as the "motor" of Community development, and integration and a "good thing." It had given stable prices, did not require undue intervention buying and selling, was much cheaper.

He admitted the need for improvement in market management, but felt that the proposed tax on surplus milk would lead to difficulties. The sheep meat proposal did not go far enough and the beef proposal needed clarification.

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He said any improvements should not hit farm incomes and should also take account of consumer interests. West Germany was in favour of stockpiling to offset the danger of shortages in the EEC and the rest of the world. It also supported the number of regulations to make the system simpler.

A number of specific reservations were voiced by other Ministers. The Italian representative was unhappy at the prospect of dearer milk prices.

The Dutch Minister urged caution before extending the CAP to potatoes and sheep meat, which might make the policy more expensive. The Irish were unhappy at the proposed milk tax.

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The reaction of other Ministers to the Commission proposals

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

TIN—Market moved steadily on the London Metal Exchange, with the forward price for the release of stock from the U.S. stockpile being the main factor.

Three-month tin rose to \$2,387.5 a tonne, up from \$2,335.00 on Nov. 16. The forward price for the release of stock from the U.S. stockpile was \$2,387.50.

Cash tin rose to \$2,387.50, up from \$2,335.00 on Nov. 16. The forward price for the release of stock from the U.S. stockpile was \$2,387.50.

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Three-month tin rose to \$2,387.50, up from \$2,335.00



This document contains particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to Ley's Foundries & Engineering Limited (the "Company"). It is not an invitation to any person to subscribe or purchase any securities of the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Application has been made to the Council of The Stock Exchange for the Ordinary Stock of the Company to be admitted to the Official List. The 5 per cent. Cumulative Preference Stock and the 6 per cent. Cumulative Preference Stock of the Company are already admitted to the Official List.

# LEY'S FOUNDRIES & ENGINEERING LIMITED

(Incorporated under the Companies Act, 1929)

## SHARE CAPITAL

Authorized		Issued and fully paid
£		£
450,000	in 450,000 5 per cent. Cumulative Preference Stock Units of £1 each	450,000
1,100,000	in 1,100,000 6 per cent. Cumulative Preference Stock Units of £1 each	1,100,000
3,000,000	in 12,000,000 Ordinary Stock Units of 25p each	2,475,000
<b>4,550,000</b>		<b>4,025,000</b>

Following the introduction of the imputation tax system on 1st April, 1973, the effective rates of dividend on the 5 per cent. Cumulative Preference Stock and on the 6 per cent. Cumulative Preference Stock are 3.5 per cent. and 4.2 per cent. respectively with associated tax credits available to Stockholders resident in the United Kingdom.

The 3,000,000 Ordinary Stock Units of 25p each issued by way of capitalisation of reserves on 28th October, 1973 rank *pari passu* in all respects with the 6,000,000 Ordinary Stock Units of 25p each previously in issue save only that they do not rank for any dividend declared or to be declared in respect of the Company's year ended 30th September, 1973.

## INDEBTEDNESS

The Company has outstanding an unsecured United States Dollar loan equivalent to £24,483 at the rate of exchange ruling on 9th November, 1973, which is repayable on or before 23rd September, 1975.

Save as aforesaid, and apart from intra-group indebtedness, neither the Company nor any of its subsidiaries has outstanding any loan capital, mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments or, save in the ordinary course of business, guarantees or other material contingent liabilities.

## BANKERS TO THE INTRODUCTION

Kleinwort, Benson Limited,  
20 Fenchurch Street, London, EC3P 3DB.

## DIRECTORS

Francis Douglas Ley, M.B.E., (Chairman) Shirley House, Brailsford, Derbyshire.  
Iari Francis Ley, (Deputy Chairman and Chief Executive) Fauld Hall, Tutbury, Staffordshire.  
Sir Gerald Gordon Ley, Bart., (Non-executive Director) Lazonby Hall, Penrith, Cumberland.  
Ralph Scoble Binmore, (Non-executive Director) 12 Waterside Road, Paignton, Devon.  
Denis Featherstone Dodd, (Non-executive Director) 36 Tudor Hill, Sutton Coldfield, Birmingham.

## SECRETARY AND REGISTERED OFFICE

John Simpson Binmore, F.C.A., Colombo Street, Derby, DE3 8LY.

## BROKERS

Hoare & Co. Govett Limited, Atlas House, 1 King Street, London, EC2V 8DU and The Stock Exchange.  
Brewin & Co., Gillett House, 55 Basinghall Street, London, EC2V 5EN and The Stock Exchange.

## AUDITORS

Wenham, Major & Co., (Chartered Accountants) 89 Cornhill Street, Birmingham, B3 3BY.

## JOINT REPORTING ACCOUNTANTS

Wenham, Major & Co., (Chartered Accountants) 89 Cornhill Street, Birmingham, B3 3BY.  
Price Waterhouse & Co., (Chartered Accountants) 3 Frederick's Place, Old Jewry, London, EC2R 8DB.

## SOLICITORS

Slaughter and May, 35 Basinghall Street, London, EC2V 5DB.

## BANKERS

National Westminster Bank Limited, Market Place, Derby, DE1 3QF.

## REGISTRAR AND TRANSFER OFFICE

John Simpson Binmore, F.C.A., Colombo Street, Derby, DE3 8LY.

## HISTORY

The Company was incorporated in England as a public company on 9th January, 1937 to acquire the issued share capital of Ley's Malleable Castings Company Limited ("Ley's") and of Ewart Chainbelt Company Limited ("Ewart"). Later that year the Company's 5 per cent. Preference Stock was admitted to the Official List of The Stock Exchange.

The business of Ley's was founded in Derby in 1874 by Sir Francis Ley, Bart., the grandfather of the present Chairman of the Company, and Ley's was incorporated as a private company in 1897. The principal business of Ley's has always been the manufacture of malleable iron castings. This was extended at an early stage to include the manufacture of malleable iron chain and subsequently the manufacture and installation of complete conveying systems and in 1918 Ewart was incorporated as a private company to take over these latter activities from Ley's.

In 1960, the Company acquired the issued Ordinary share capital of W. Shaw & Co. Limited ("Shaw"), an old-established steel foundry in Middlesbrough. The Company has two overseas trade investments: in 1962 it subscribed for a minority interest, which was subsequently increased to 38 per cent. of the Ordinary share capital, in J. & C. Malleable (Proprietary) Limited ("J. & C. Malleable"), a malleable iron foundry in South Africa, and in 1965 it subscribed for approximately 9 per cent. of the Ordinary share capital of Aranzabal S.A. ("Aranzabal"), a company incorporated in Spain whose principal activity is the manufacture of steel and malleable iron castings.

## BUSINESS

The business of the Company and its subsidiaries (the "Group") now comprises the manufacture of malleable and grey iron castings, the manufacture of chain and other mechanical handling equipment and the manufacture of steel castings.

**Malleable and Grey Iron Castings**  
Ley's is the largest producer of malleable iron castings in the United Kingdom and in the year ended 30th September, 1973 sold approximately 84,000 tons of malleable and grey iron castings for approximately £11.4 million.

Malleable iron castings account for over 85 per cent. of the output of Ley's and are sold under the registered trade marks of "Black Heart", "Lapax" and "Lamax". They are both highly ductile and easily machined and are therefore able to meet the need for relatively complex components where strength and shock resistance are desirable. Amongst other applications, they are used in the manufacture of axles, steering boxes, hubs and suspension systems for motor vehicles.

In the year ended 30th September, 1973 approximately 84 per cent. in value of the sales of Ley's was to four major United Kingdom motor vehicle manufacturers, two of whom accounted for approximately 48 per cent. Another 16 per cent. was sold to a major United Kingdom manufacturer of agricultural and industrial tractors and 3 per cent. to a major European motor vehicle manufacturer.

Most of the remainder of the production of Ley's is used as components in the engineering industry, including the motor component industry, and in the year ended 30th September, 1973 approximately 2 per cent. was sold to Ewart.

Ley's has contracted to supply, for the three years from 1st January, 1973, 80 per cent. of British Rail's requirements for malleable iron inserts for concrete sleepers and this contract is expected to represent sales of approximately 6,000 tons per annum. In the last six months, Ley's has started to deliver substantially increased quantities of malleable iron castings to manufacturers of motor vehicles and components in the United States of America.

The main foundry of Ley's is in Derby and it also has a substantial foundry in Lincoln. Following capital expenditure of over £10 million in the last 10 years, Ley's now has a total of eight mechanized moulding lines at the two foundries with the capacity to produce approximately 80,000 tons of malleable and grey iron castings each year.

Ley's maintains an experienced team of technical staff who are responsible for the quality of existing products and the development of new production methods. They are also available to advise customers on aspects of design of new products.

Ley's obtains substantially the whole of its requirements for raw materials, mainly foundry coke and steel scrap, in the United Kingdom. The foundry coke is supplied by the National Coal Board and Ley's obtains steel scrap from over 15 suppliers.

The Group has long-term agreements with both J. & C. Malleable and Aranzabal for the provision to them of technical assistance. The Group's income from these agreements is not material to profits as a whole.

## Mechanical Handling Equipment

Ewart's products are used mainly for materials handling and consist of malleable iron and steel chain, elevators, conveyors and screw conveyors. Ewart also designs, manufactures and installs complete elevator and conveying systems to customers' specifications. In the year ended 30th September, 1973 Ewart's sales were approximately £1.7 million.

Ewart's products are sold to a wide range of customers throughout the world. During the year ended 30th September, 1973 approximately 48 per cent. in value of Ewart's sales was exported to over 65 countries; about two-thirds of this percentage was to the American Continent and the Caribbean.

In addition to sales representatives in the United Kingdom, Ewart has two sales representatives who are responsible for the Far East and Latin America respectively as well as local agents or distributors based in 48 countries.

Ewart operates from modern premises adjacent to those of Ley's at Derby and there exists a high degree of co-operation between the two companies. Ewart obtains from Ley's substantially the whole of its requirements for castings for the production of malleable iron chain.

## Steel Castings

Shaw, which is based in Middlesbrough, produces steel castings, some of which are fully machined. Shaw's sales in the year ended 30th September, 1973 were approximately £1.2 million. The castings weigh up to 16 tons and are sold principally to companies engaged in heavy engineering and shipbuilding.

In the year ended 30th September, 1973 Shaw sold its products to over 120 customers of which three accounted for approximately half of Shaw's total sales. Although Shaw's direct exports were negligible during that year, its castings are used as components by exporters of capital equipment.

## MANAGEMENT AND EMPLOYEES

Mr. F. D. Ley, who is aged 66, has been Chairman of the Company since 1944. He has spent the whole of his working life with the Group and is a past Chairman of the National Association of Malleable Ironfounders.

Mr. I. F. Ley, the Chief Executive of the Group, was appointed an executive Director in 1958 and Deputy Chairman in 1972. Aged 39, he has been employed by the Group for 19 years and is Chairman of the Council of Iron Foundry Associations and of the European Malleable Committee of the Comité des Associations Européennes de Fonderie. He is also a past Chairman of the National Association of Malleable Ironfounders.

The three other Directors are non-executive. Sir Gerald G. Ley, Bart., who is aged 71, has been a Director since 1945. Mr. R. S. Binmore, a Chartered Accountant, joined the Group in 1942 and was appointed a Director of the Company in 1957. He is aged 63. He was Financial Director and Secretary of Ley's from 1950 to 1970, Financial Director of Ewart from 1961 to 1972 and Financial Director of Shaw from 1960 to 1970. Mr. D. F. Dodd, aged 59, is also a Chartered Accountant and is Chairman of The British Rollmakers Corporation Limited and Concentric Limited. He has been involved with the Group's affairs since 1946, having previously been a partner in Wenham, Major & Co., the Group's Auditors.

The Board of the Company, which is responsible for the overall financial control and development of the Group, is supported by the following experienced executive Directors of the three operating subsidiaries:

Ley's	Age	Years service with the Group	Responsibilities
Mr. J. Hill, F.I.M., F.I.Prod.E.	55	28	General Manager
Mr. D. G. Pollard	62	37	Sales
Mr. E. Skelton	48	25	Works Manager—Lincoln
Mr. J. S. Binmore, F.C.A.	35	8	Finance
Ewart			
Mr. D. H. Goss, F.I.Mech.E., F.I.Prod.E.	48	23	General Manager
Mr. C. G. Wildsmith, B.A.	43	18	Sales
Mr. F. M. Gee, F.C.A.	62	26	Finance
Shaw			
Mr. G. R. Shaw, M.A.	63	21	Managing Director
Mr. J. B. Walker, F.C.M.A.	54	15	Finance and Sales
Mr. J. G. G. Shaw	25	7	Works Manager

The Group has over 3,350 employees, of whom approximately 2,000 work in Derby. Many of the past and present employees have served with the Group over a long period. Relations between management and employees are good and are a matter to which the Group, with its family traditions, attaches great importance.

## LAND AND BUILDINGS

The Group's properties, all of which are freehold, comprise mainly the industrial works at Derby, Lincoln and Middlesbrough, together with the associated administrative offices and laboratories. The buildings are of various ages and construction, but with considerable recent additions and improvements. In addition to these industrial buildings, there are substantial car parks at all premises.

The Group's properties have been valued as at 1st October, 1973, on the basis of a sale in the open market with vacant possession, by Hampton & Sons, Surveyors and Valuers, as follows:—

Premises	Acres	Valuation
Ley's Malleable Castings Company Limited, Colombo Street, Derby, DE3 8LY.	29.65	£1,535,000
Ley's Malleable Castings Company Limited, Station Road, North Hykeham, Lincoln, LN6 5AS.	68.40	675,000
Ewart Chainbelt Company Limited, Colombo Street, Derby, DE3 8LY.	3.28	340,000
W. Shaw & Co. Limited, Forty Foot Road, Middlesbrough, Teesside, TS21 1HL.	8.83	295,000
	<b>111.14</b>	<b>£2,845,000</b>

Notes:—  
(1) The covered floor area of the Derby premises of Ley's amounts to 835,577 square feet of which approximately 28,000 square feet is represented by offices and laboratory buildings.

(2) The covered floor area of the Lincoln premises of Ley's amounts to 382,463 square feet, of which approximately 3,800 square feet is represented by offices and laboratory buildings. The land at Lincoln includes 25 acres of former gravel workings, which have been filled with loam and water, together with extensive playing fields.

(3) The covered floor area of Ewart's premises amounts to 96,022 square feet, of which approximately 3,800 square feet is represented by offices.

(4) The covered floor area of Shaw's premises amounts to 187,633 square feet, of which approximately 6,000 square feet is represented by offices.

## WORKING CAPITAL

The Directors are of the opinion that the Group has sufficient working capital available for its present purposes.

## PROFIT, DIVIDENDS AND PROSPECTS

### Profit and Dividends

Since the greater part of the output of malleable iron castings of Ley's is sold to the United Kingdom motor industry, the level of activity in that industry is a major determinant of the Group's profitability. In the year ended 30th September, 1970, the Group's profit was reduced as a result of the unofficial stoppages and strikes in the United Kingdom motor industry and motor component industry, while the fall in the Group's profit in the year ended 30th September, 1972 was principally due to the low level of demand in the United Kingdom for heavy commercial vehicles and agricultural tractors. In addition, the Group's production in the latter year was seriously curtailed as a result of the industrial dispute in the mining industry.

During the greater part of the year ended 30th September, 1973 the Group benefited from an increased level of demand from the United Kingdom industry and activity in the main sectors of the Group's operations was at a much higher level than in the previous year. However, towards the end of the year output was affected by a strike at one of the Group's main customers and by a temporary dislocation of production at the Ley's foundry in Lincoln following the introduction of an additional shift. Apart from these factors experience has shown that the profit during the second half of the financial year is usually less than that of the first half, due mainly to the incidence of the holiday periods of both the Group and its customers.

The unaudited accounts for the half year ended 31st March, 1973 show a consolidated profit before taxation of £592,550. Based on unaudited management accounts, prepared using the accounting policies adopted by the Group and shown in the Accountants' Report set out below, the Directors estimate that the Group achieved a consolidated profit before taxation of approximately £950,000 for the year ended 30th September, 1973. In preparing these accounts it has been assumed that trading conditions affecting the Group and its customers after 30th September, 1973 will be such as to permit the normal process of realisation of the stocks held by, and debts due to, the Group at that date.

In the absence of the present legislation relating to the control of dividend payments and on the basis of this estimate of profit, the Directors would have recommended payment in respect of the year ended 30th September, 1973 of total dividends (including the associated tax credits) equivalent to 3.5p per Ordinary Stock Unit now in issue.

Under present legislation, however, the total Ordinary dividend payment for that year is limited to an increase of 5 per cent. over the previous year. Accordingly the Directors intend to recommend a final dividend in respect of the year ended 30th September, 1973 of 1.031p (including the associated tax credit) on the Ordinary Stock Units in issue prior to the capitalisation issue on 28th October, 1973. This dividend will be payable in March, 1974. The total Ordinary dividends (including the associated tax credits) paid or to be paid in respect of the year ended 30th September, 1973 amount to £216,548, which is equivalent to 2.167p per Ordinary Stock Unit now in issue.

Under present legislation there is no limitation on the dividends payable by the Company in respect of the financial year in which the listing of the Ordinary Stock on The Stock Exchange is granted and in respect of the subsequent year. Thereafter, under present legislation, increases in dividends would again fall within the statutory controls. The Directors anticipate that they will be able to recommend the payment of total Ordinary dividends of not less than 3.5p (including the associated tax credits) per Ordinary Stock Unit now in issue for the year ending 30th September, 1974 assuming listing is granted during that financial year. For the current year ending 30th September, 1974 and for future years, it is intended to pay an interim dividend in June and a final dividend in March.

The following table illustrates the appropriation of a consolidated annual profit before taxation of £950,000, assuming payment of total Ordinary dividends amounting to 3.5p (including the associated tax credits) per Ordinary Stock Unit and corporation tax at 50 per cent. —

	£	£
Profit before taxation		950,000
Less: Corporation tax		475,000
Profit after taxation		475,000
Less: Net cost of Preference dividends		61,950
Earnings attributable to Ordinary Stock		413,050
Ordinary dividends	242,550	242,550
Associated tax credits at 30 per cent.	103,880	
Gross Ordinary dividends (equivalent to 3.5p per Ordinary Stock Unit of 25p)		346,500
Retained profit		170,500

If the above table had been prepared on the basis of the actual total dividends paid or to be paid in respect of the year ended 30th September, 1973 and an average corporation tax rate of 45 per cent. (being the average rate which will apply to the Company for that year assuming a corporation tax rate since 31st March, 1973 of 50 per cent.), the earnings attributable to Ordinary Stock would have been £447,276 and the retained profit would have been £295,633.

### Prospects

Ley's is still benefiting from the increased level of demand from the United Kingdom motor industry and in the first five weeks of the current year ending 30th September, 1974 production throughout the Group has been running at a higher level than in the corresponding period of the previous year. Although Ley's has sufficient plant capacity available to take advantage of a substantial increase in demand there is at present a shortage of labour which could affect efforts to expand output.

In order to reduce the dependence on the United Kingdom motor industry Ley's has been increasing its exports of malleable iron castings. Following the recent closure of a number of foundries in the United States of America and the change in value of the pound sterling, the Directors consider that the products of Ley's now have a competitive advantage in a number of overseas markets. Orders have been received from motor vehicle and component manufacturers in the United States of America and during the current financial year the Directors hope to export around 15 per cent. of the total malleable output of Ley's.

As a result of the high proportion of export and replacement sales Ewart has been able to achieve a steady growth of sales in recent years and the Directors are hopeful that this growth will continue in the future.

The demand for the steel castings made by Shaw fluctuates with the level of activity in the heavy engineering and shipbuilding industries. At the present time Shaw's orders are approximately 30 per cent. higher than a year ago.

The Directors are not able to assess the extent to which the Group's production would be affected by any interruptions to power supplies.

The Group pays particular regard to the need to reduce the environmental pollution which may be caused by foundry activities. At the present time an executive committee of Ley's is studying the effect of new regulations regarding pollution as a result of which the Directors anticipate that the Group may be required to install additional equipment during the next five years. The Directors are confident, however, that the capital expenditure on such equipment can be provided from the Group's available cash resources.

## ACCOUNTANTS' REPORT

The following is a copy of the Report by Wenham, Major & Co. and Price Waterhouse & Co. addressed to the Directors of the Company and Kleinwort, Benson Limited:—  
16th November, 1973

We have examined the books and audited accounts of Ley's Foundries & Engineering Limited (the "Company") and its subsidiaries, all of which are wholly-owned, (collectively referred to as the "Group") for the periods from 1st October, 1967 to 30th September, 1972.

**ACCOUNTING POLICIES**  
The significant accounting policies adopted in arriving at the financial information set out in this Report are as follows:—

**Basic consolidation**  
The Group accounts incorporate the results of the Company and of the subsidiaries, all of which have had accounting periods co-terminous with that of the Company throughout the period.

**Turnover**  
Turnover represents the total amount receivable for goods sold outside the Group in the ordinary course of business.

**Depreciation**  
No depreciation is provided on freehold land. Depreciation on all other fixed assets is provided at rates estimated by the Directors to write off the cost of the assets by equal annual instalments over their useful lives.

**Repairs and renewals**  
Repairs and renewals, including major repairs, are charged to revenue in the year in which expenditure is incurred.

**Research and development**  
Expenditure on research and development is charged to revenue in the year in which it is incurred.

**Stocks**  
During the period under review, stocks have been valued consistently at the lower of cost, including an appropriate proportion of works overheads, and net realisable values.

**Investment and development grants**  
The benefit of grants received in respect of capital expenditure is spread over the effective lives of the assets to which it relates and applied in reduction of the depreciation charge over these periods.

**Deferred taxation**  
Provision has been made for Corporation Tax deferred by reason of the excess of the allowances granted for taxation purposes over the provision for depreciation on assets eligible for such allowances. In years in which there was a change in the rate of Corporation Tax the appropriate amount has been added to or withdrawn from deferred taxation so as to re-state the opening balance at the new rate. At 30th September, 1972 the balance of deferred taxation is stated in terms of Corporation Tax at a rate of 40 per cent., but with effect from 1st October, 1972, the Directors intend to adopt the deferred method, proposed as an accounting standard by the Joint accountancy bodies, under which, *inter alia*, (a) no adjustment will be made to past provisions in respect of changes in rates of tax and (b) provision will be made each year for tax at the average rate in force for that year.

## TURNOVER, PROFIT AND DIVIDENDS

The turnover and profit of the Group, and dividends of the Company, for the five years ended 30th September, 1972, based on the amounts shown in the audited accounts and after making such adjustments as we consider appropriate, are as follows:—

Years ended 30th September:	1968	1969	1970	1971	1972
Turnover	£200	£200	£200	£200	£200
Cost of sales	8,174	10,754	10,774	13,828	11,041
	8,134	8,284	10,073	12,411	10,731
Including:					
Depreciation	871	864	943	848	974
Investment and development grants released	(68)	(74)	(103)	(116)	(118)
Profit on trading	1,040	1,470	701	1,278	370
Interest received (net)	92	105	106	108	62
Income from unquoted investments	21	25	39	22	2
Profit before taxation	1,153	1,605	845	1,408	394
Taxation:					
Corporation Tax payable on the profit of the year	488	588	288	488	75
Deferred taxation	18	30	42	77	73
Deferred taxation—change in rate of tax	804	688	331	545	148
	—	32	(33)	(38)	—
Profit after taxation	665	887	557	895	248
Gross dividend on Preference Stock	648	825	548	857	345
Profit attributable to equity	68	88	49	88	88
Gross dividends on Ordinary Stock	123	794	453	808	167
Dividends on Ordinary Stock	123	205	205	208	208
Balance added to/(withdrawn from) reserves	437	586	253	602	(48)

The profit attributable to equity, expressed in terms of pence per Ordinary Stock Unit of 25p, adjusted to allow for the capitalisation issue of 3,000,000 Stock Units in October 1973, following which 9,000,000 Stock Units are now in issue, is as follows:—

	1968	1969	1970	1971	1972
	5.7p	8.0p	4.6p	8.2p	1.6p

Throughout the period covered by this Report, the dividends due on the 5 per cent. and 6 per cent. Cumulative Preference Stocks have been paid. Total dividends of £123,750 (7½ per cent.) were paid in respect of the year ended 30th September, 1968 on the Ordinary Stock in issue. For each of the four years ended 30th September, 1972 total dividends of £208,250 (12½ per cent.) were paid on the Ordinary Stock in issue.

## BALANCE SHEETS

The following are the balance sheets of the Company and the Group at 30th September, 1972, based on the amounts shown in the audited accounts at that date and after making such adjustments as we consider appropriate:—

The Company	2000	£00
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**PHILIPS' INCANDESCENT LAMP WORKS  
HOLDING COMPANY, EINDHOVEN**

**Notice to holders of certificates to bearer for units issued by Royal Exchange Assurance in respect of ordinary shares of the above company under a Deed of Covenant dated 22nd May, 1930.**

The Scandinavian chain is named after the very famous Danish naval hero - TORDENSKJOLD - who was a fearless and much feared Officer who both hunted and haunted the Scandinavian Seas some 250 years ago. Tordenskjold is to Denes what Lord Nelson is to the English, but let us be glad that they did not meet each other, and that it is only now that Tordenskjold has cast his eyes on England.

In 1973 the U.K. imported 13m. tons of crude oil from Iran within total U.K. imports of 106m. tons.

21-000000-01 (JANUARY 1963) (JANUARY 1963) (JANUARY 1963) (JANUARY 1963)







## SHARE CAPITAL

**in Ordinary Shares of £1 each**

**£630.000**

1000

**REGISTRARS**

Dated 19th November, 1973.







10/11/73

## POINTMENTS

### Mr. W. Semple on Bentalls Board

Mr. William Semple has been appointed a director of BENTALLS from December 1. Mr. Semple recently resigned as chairman and chief executive of Army and Navy Stores on a change of control of that company.

Mr. M. A. C. Buckley, chairman of Dundee Perth and London Securities, has been appointed to the Board of CHARRINGTON GARDNER LOCKET AND CO.

Mr. Peter Marsh has been appointed a director of the WELLMAN ENGINEERING CORPORATION. He was formerly with Davy Power Gas Corporation.

Mr. E. G. Bridle, a director of ARTHUR GUINNESS SON AND COMPANY (BELFAST), will become managing director to succeed Mr. J. E. Handyside who retires on January 31. Mr. E. Cunningham and Mr. J. Roux-Lough will be appointed executive directors from January 1.

Mr. Neville Williams, general manager, has been appointed to the Board of SSV, a subsidiary of the Lyndale Engineering Group.

Mr. Sydney J. Wilson has been appointed an executive director of MOFFAT AND BELL.

Mr. A. S. Lambell has been appointed a director of CATEL TRUST.

Mr. Neil J. McKinnon is to retire as chairman of CANADIAN IMPERIAL BANK OF COMMERCE following the annual meeting on December 11.

Mr. Brian Wilkinson has been appointed managing director of GERRARD INDUSTRIES, a subsidiary of Interlake Europe Inc.

Mr. D. A. Stclair had been appointed managing director of WORLD RECORDS, a member of the EMI group. He has been with EMI since 1966 and was appointed general manager of World Record Club in 1970.

Mr. R. E. Blackman, a director of United Dominions Trust, has been appointed to the Board of its subsidiary INTERNATIONAL COMMODITIES CLEARING HOUSE.

Mr. J. J. Hartley and Mr. S. R. Horner have been appointed directors of SIMON ENGINEERING. Mr. J. V. Wilkinson has resigned on leaving the company.

Mr. J. E. Williams has been appointed deputy chairman of FOSTER WHEELER in place of Mr. A. S. Bridgewater, who has retired.

Mr. T. M. Evans has been elected a director.

Mr. Colin Davies has been appointed managing director of HOSTESS FURNITURE to succeed Mr. R. Thrift who retires at the end of the year. The company is a member of the BRISTOL STREET GROUP.

Mr. W. A. Lewis has been appointed assistant director of the TRANSPORT AND ROAD RESEARCH LABORATORY.

Mr. Norman Kew has been appointed a local director of the Birmingham district of BARCLAYS BANK.

Mr. R. L. E. Lawrence is to relinquish the managing directorship of the BRITISH RAIL PROPERTY BOARD on January 7 but will continue as chairman. Mr. P. R. Dashwood will become managing director and Mr. R. J. Haxby is to be property director.

Mr. A. W. Westcombe has been appointed a director of F. C. FINANCE and will be responsible for the development of the banking division and allied new business.

Mr. Lance Martin has retired as executive director of the Standard Bank and is now joining LONDON INTERSTATE BANK as senior vice-president and advisory director.

PEGLER HATTERSLEY has made the following Board appointments: Mr. K. Blair (overseas and associated interests), Mr. G. Hanson (general manager industrial valve division), Mr. D. Moore (general manager plumbing products division) and Mr. D. Ogden (group marketing). Mr. W. Lee, group manufacturing director, is to retire from the Board at March 31.

Mr. N. J. Gluckstein has been appointed a director of HIGHGATE DUFAY, a subsidiary of Highgate Optical and Industrial Company.

Mr. J. H. Gwan and Mr. R. F. Worthington have become assistant directors of P. Murray-Jones. Mr. P. W. Burnand and Mr. A. J. E. Allwright have been made associate directors.

Mr. D. B. Moore, general secretary of the TEXTILE INSTITUTE, retires at the end of this month and he will be succeeded by Mr. J. T. Wenham.

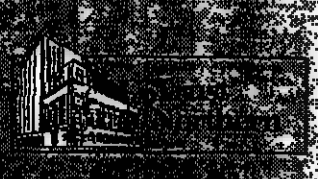
From January 1 the responsibilities of the following directors of CIGARETTE COMPONENTS will be: Mr. R. T. Stephenson (Research and Development), Mr. D. R. Townsend (manufacturing) and Mr. J. T. Williamson (Home Sales).



You're thinking beyond national boundaries. What's your best approach for penetrating the U.S. market? Merger? Acquisition? Joint venture? Direct investment? How can you find the right candidates? Where do you turn for financing?

Carry that thinking further. The next step is The Northern Trust. THE NORTHERN TRUST BANK.

One World Trade Center, New York; One World Trade Center, Suite 2001, New York; One World Trade Center, Suite 2001, New York; One World Trade Center, Suite 2001, New York.



Maybe our name should be the Mitsubishi Corporate Finance Bank



Actually, it's the Mitsubishi Trust and Banking Corporation. But internationally our speciality is medium and long-term financing to public and private sectors. In fact, we've been a primary source of long-term funds for overseas investment and financing for many years. Large-scale projects such as area development receive our special attention. Write to us for details concerning any area or any project. For long-term, high-value, stable funds we're a source to depend upon.

**The MITSUBISHI TRUST and Banking Corporation**  
LONDON REPRESENTATIVE OFFICE: 77 Leadenhall Street, London EC3N 1SE. Phone: 01-555-4888. Cable: MITSUBISHI TRUST LONDON. Telex: 28 7220 MITSUBISHI TRUST. JAPAN OFFICE: 1-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100, JAPAN. MITSUBISHI TRUST BANK, LTD. 2-2-1, Nishi-Shinjyuku 2-chome, Shinjyuku-ku, Tokyo 163, JAPAN. MITSUBISHI TRUST BANK, LTD. 2-2-1, Nishi-Shinjyuku 2-chome, Shinjyuku-ku, Tokyo 163, JAPAN.

## United Fish Canneries Limited ("United Fish")

(Incorporated in the Republic of South Africa)

### Notice of an Extraordinary General Meeting of Ordinary Shareholders

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the ordinary shareholders of United Fish will be held in the board room, Oceana House, 20 Lower Burg Street, Cape Town, on Tuesday, 11th December 1973, at 2.45 p.m. (or at the conclusion of the annual general meeting to be held at 2.30 p.m. at the same venue, whichever is the later time) to consider, and if deemed fit, to pass the resolutions necessary:

- to increase United Fish's authorised share capital from R4 000 000 to R7 000 000 by the creation of an additional 3 000 000 ordinary shares of 50 cents each and 3 000 000 "A" ordinary shares of 50 cents each;
- to authorise the directors to allot and issue 2 000 107 ordinary shares and 2 000 107 "A" ordinary shares pursuant to the reorganisation of the fishing interests of the Oceana Group of Fishing Companies;
- to approve the change of name of United Fish to United Oceana Holdings Limited. Full details of these resolutions are contained in a circular to be despatched to United Fish shareholders today.

Registered Office: Oceana House, 20 Lower Burg Street, Cape Town.  
By Order of the Board: A. J. F. Low C.A. (S.A.) F.C.I.S. Secretary.  
Transfer Secretaries: Spirits-VAL Registrars (Pty) Limited, 9th Floor, Main Central Building, cor. Eloff and Main Streets, Johannesburg.  
London: Deloitte and Co., 123 Queen Victoria Street, London.  
19th November 1973.

## SMITHS INDUSTRIES 1973

	1972	1973	
Turnover	£94,550,000	£117,000,000	+24%
Trading Profit	£8,427,000	£11,670,000	+38%
Profit before Tax	£7,056,000	£10,548,000	+50%
Profit after Tax	£4,286,000	£6,095,000	+42%

"SMITHS INDUSTRIES TODAY—From a light engineering company, primarily concerned with the manufacture of instruments, Smiths Industries has developed into a major supplier to numerous industries at home and overseas with, in addition, a substantial direct interest in distribution. We are, today, a multi-divisional multi-product manufacturer and distributor of light engineering and electronic products. These changes have accelerated over the last few years with Smiths Industries concentrating its resources on high growth areas of trade, realigning its research and development to be a leader in certain selected spheres of high technology, and re-equipping its factories to take advantage of modern, and usually cheaper, production techniques."

—an extract from the Review by the Executive Chairman, Mr. R. G. Cave, in the Report & Accounts for 1973, copies of which may be obtained from the Secretary—

**SMITHS INDUSTRIES LIMITED**  
CRICKLEWOOD LONDON NW2 6JN















# MONEY MARKET

## Interest rates stronger

Bank of England Minimum Lending Rate 13% (since November 13, 1973). Short-term interest rates in the London money market continued their upward trend yesterday, with the three-month sterling certificate yield, for instance, ending at 15.15 per cent, against the previous 15.15 per cent. Conditions were again highly unsettled, however, as is indicated by the relatively wide spread given above for the three-month certificate, and by the fact that the three-month inter-bank deposit was quoted at some variance with the comparable certificate, a late deposit sample showing 15.15 per cent. A cer-

tain bank interest in raising fixed-period funds coloured the market, but rates moved relatively freely against the background of the recent sharp rise and concern over the possibility of further increases to come. The monetary authorities bought a moderate amount of bills in order to meet a shortage of day-to-day credit, operating broadly on the scale suggested by the identified factors, after allowing for an excess of revenue transfers to the Exchequer being greater in the event than was widely expected to begin with. The revenue factor apart, banks had carried over a shortage from Monday,

there was a rise in the note circulation and the authorities held maturing bank bills. Discount houses bid 11-11 per cent, for secured call loans in the earlier part, and although 9.10 per cent was touched, late balances were taken in places at 11-12 per cent. In the inter-bank market, overnight loans fluctuated in a range of 9-13 per cent, ending in some quarters at the day's peak. Local authority one-year bonds have been placed this week to yield 15 per cent, against 12 1/2 per cent last week. Banks to-day make up their monthly balance sheets. Rates in the table below are largely nominal.

Nov. 20, 1973	Starting Certificate of deposit	Inter-bank deposit	Local Authority deposit	Finance house deposit	Company deposit	Discount market deposit	Treasury bill	Bank bill	Prime bank bill
Overnight	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15
1 day	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15
7 days	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15
1 month	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15
3 months	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15
6 months	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15
9 months	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15
1 year	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15
2 years	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15	15.15

Local authorities and finance houses seven days' notice, others seven days fixed. \*Long-term local authorities mortgage rates, generally per cent, for three years, 13 per cent, for four years, 14 per cent, for five years, 15 per cent, and for six years, 16 per cent. \*Bank bill rates in table are buying rates for prime paper. \*Treasury bill rates for one-year bills, 15.15 per cent, for two-year bills, 15.15 per cent, for three-year bills, 15.15 per cent, for four-year bills, 15.15 per cent, for five-year bills, 15.15 per cent, for six-year bills, 15.15 per cent, for seven-year bills, 15.15 per cent, for eight-year bills, 15.15 per cent, for nine-year bills, 15.15 per cent, for ten-year bills, 15.15 per cent.

Finance House Bill (Rate published by the Finance House Association): 13 per cent, from November 1. Clearing Bank Deposit Rate: For small sums at seven days' notice, 15.15 per cent, and for larger sums at 15.15 per cent. Treasury Bill: Average tender rate of discount 15.15 per cent.

Tax Deposit Account: Deposit earned a basic 8.25 per cent in the April-June quarter if withdrawn within that quarter, and 7.25 per cent if not in the July-Sept. quarter. For deposits withdrawn within the quarter, and if not so withdrawn, at 15.15 per cent in the Oct.-Dec. quarter interest at 15.15 per cent on deposits withdrawn within that quarter, and if not so withdrawn, at the average Treasury bill rate for the period.

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Winton City (200) 389 8  
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Bank of England Minimum Lending Rate 13% (since November 13, 1973). Short-term interest rates in the London money market continued their upward trend yesterday, with the three-month sterling certificate yield, for instance, ending at 15.15 per cent, against the previous 15.15 per cent. Conditions were again highly unsettled, however, as is indicated by the relatively wide spread given above for the three-month certificate, and by the fact that the three-month inter-bank deposit was quoted at some variance with the comparable certificate, a late deposit sample showing 15.15 per cent. A cer-

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have sought to express, we are quite satisfied that there was an unfair industrial practice as defined in section 96 of the Act," continued Sir John. "But this still leaves the important question of whether those who committed this unfair industrial practice included the respondent union."

Dealing with the issue of TGWU liability, he said that the industrial action taken against G&S, whether before or after June 1, 1972, was never endorsed by the general executive council of the union, by a delegate conference or, for that matter, by an committee or full-time officer of the



### HOTELS—Continued

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**For Notes, see page 45**







## THE LEX COLUMN

## Smooth progress at Swan Hunter

Equity markets in London and New York are technically as oversold as they have been this year. There is, of course, nothing to stop them becoming more oversold. In New York, the level of odd lot short sales remained well below the midsummer figures, and the short position in London may not be especially great either. The drop in the level of bargains marked over the past couple of days, coupled with the sluggishness in golds as well as gilts, may suggest that the market is totally bemused rather than aggressively bearish.

This grim account has three days to run, and the relevant features for the very short-term include last night's faint show of strength on the one hand, and on the other the fact that Wall Street is now hitting new 1973 lows. For the longer term, it may take some time for the consensus of bullish opinion evident in September and October to be readjusted, let alone reassessed. But one fact which may be worth keeping in the back of the mind is that the

All-Share is still within a fraction of its September low.

## Swan Hunter

The market got almost exactly what it expected from the Swan Hunter first half. Profits are nearly doubled at £3.6m. before tax and excluding shipbuilding grants, compared with £3.3m. in the second half of 1972. A forecast of marginally better profits for the second half is probably more than some people thought likely, given Swan's recent labour problems. But the shares still fell 8p to 162p yesterday—

which probably reflects the fact that, with a 1973 "low" of 143p, there were profits there for the taking. The prospective p/e, again excluding grants, is somewhere between 5 and 6. If you want to rationalise that, with growth in engineering stocks, single figure multiples in any case, you would say that the market is still not impressed by the commitment to produce 24 oil tankers for Maritime Fruit Carriers with most of these due

for delivery in the second half of 1975, 1976 and 1977. There have been worries about fixed prices for ten of these due for delivery in 1974 and 1975. Swan can effectively match this with contracts for its steel and major

bought-in components requirements in those years. This leaves the 25-30 per cent labour cost element at some risk; but the Maritime contract, with standard ship sizes, at least offers the possibility of holding down unit costs of both labour and materials. Via Swan Maritime, Swan has a 25 per cent interest in these ships; analysts reckon that maybe eight of the big ones have been sold on the stocks, and they are now looking ahead to 1975 when the share of Swan Maritime will be consolidated. However, it is worth wondering if a shipbuilder which does not take profits until completion will go for anything faster in its shipowning capacity.

## Smiths Industries

Any group with around half

its sales geared to the motor and aerospace industries could be forgiven for nervous thoughts after the past week or two, but Smiths Industries is sticking

firmly to its forecast in the report of higher profits again this year—which would make the fourth successive advance. Certainly Smiths' lessening dependence on the original equipment market has already stood it in good stead—compared with Lucas, for example, and any prospect of declining new car production would not leave it particularly alarmed. And price competitiveness now gives it a real chance of penetration with components into the EEC, where it has found a foothold with Ford in Germany. Meanwhile the aerospace side, with a sixth of trading profits last year, has a heavy military content and is heading for a rise of a fifth in 1973-74 turnover.

Smiths appears a little undecided about its motorist retail chain, where expansion has rather ground to a halt. But general prospects in distribution now cum Claude Rye, look good and recovery areas elsewhere

include marine equipment and the fitted furniture offshoot. That may not add up to any short term case for the shares, however, on a p/e of 10½ at 166p.

See also Page 31

## Guthrie

Guthrie's forecasts of £75m. group sales highlights the group's diversification. Commercial and industrial sales will be up from £38m. to around £55m., about half that growth coming in North America where Min-dustrial, in Canada, has raised sales by half, and the U.S. commodity dealing business comes in for the first time with £5m. or so. Elsewhere the Ebonite and Weill acquisitions have boosted the figures. Meanwhile the gain in plantation turnover from £16.2m. to rather more than £20m. has its modest aspects in the context of ram-paging commodity prices.

Thus yesterday's peak rubber price of 42.5p a kilo compares with Guthrie's average realisation of 14.5p in 1972, but of

course the group habitually sells well forward—two-thirds of 1973 production was sold at 21.5p—and production has been lower (by a fifth in the first half). But the trend is clearly bullish for 1974, and possibly very bullish if cuts in synthetic feedstocks prove more relevant than any world industrial setback. This year earnings could reach 30p a share, and the only drawback to a prospective p/e of 12 is that the plantations content could get very high again next year.

## Fenner

Fenner's preliminary statement last week may have read a little like a defence document, yet it did not mention Renold and its recently acquired 28 per cent. holding in the voting Ordinary. But things change. Two acquisitions by Fenner yesterday reduce Renold's share of the votes to nearer a fifth and enable Fenner to propose a two-fifths increase in current year dividends.

See also Page 32

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## Weather

## U.K. TO-DAY

DRY, with mist and fog patches giving way to spells of heavy sunshine in most areas of England and Wales. Occasional rain over Scotland spreading South during the day.

London, S.E., Cent. S.E., N.W., Cent. N. and N.E., East Anglia and Midlands.

Mist and fog patches, early bright spells later. Wind moderate, Max. 9C (48F).

Dry, bright spells. Wind moderate, Max. 9C (48F).

Wales and Westmorlandshire. Dry, mist or fog early in East, bright spells otherwise. Wind, S. moderate, locally fresh in West. Max. 9C (48F) in W. 7C (45F) in E.

Lake District, E. of Man, Borders, Edinburgh and E. Scotland, Aberdeen, Glasgow, S.W. Scotland, Highlands, Argyll and N. Ireland.

Mostly cloudy. Perhaps some rain or drizzle later. Wind S.W. moderate or fresh, Max. 9C (48F).

Mostly cloudy, occasional rain or drizzle. Wind S.W. fresh, locally strong, Max. 9C (48F).

Lighting-up: London 16.34, Manchester 16.34, Glasgow 16.32, Belfast 16.44.

## BUSINESS CENTRES

City	Monday	Tuesday	Wednesday	Thursday	Friday
London	10.00	10.00	10.00	10.00	10.00
Edinburgh	10.00	10.00	10.00	10.00	10.00
Glasgow	10.00	10.00	10.00	10.00	10.00
Belfast	10.00	10.00	10.00	10.00	10.00
Cardiff	10.00	10.00	10.00	10.00	10.00
Birmingham	10.00	10.00	10.00	10.00	10.00
Manchester	10.00	10.00	10.00	10.00	10.00
Sheffield	10.00	10.00	10.00	10.00	10.00
Leeds	10.00	10.00	10.00	10.00	10.00
Nottingham	10.00	10.00	10.00	10.00	10.00
Coventry	10.00	10.00	10.00	10.00	10.00
Bristol	10.00	10.00	10.00	10.00	10.00
Exeter	10.00	10.00	10.00	10.00	10.00
Plymouth	10.00	10.00	10.00	10.00	10.00
Southampton	10.00	10.00	10.00	10.00	10.00
Portsmouth	10.00	10.00	10.00	10.00	10.00
Reading	10.00	10.00	10.00	10.00	10.00
Windsor	10.00	10.00	10.00	10.00	10.00
Slough	10.00	10.00	10.00	10.00	10.00
Uxbridge	10.00	10.00	10.00	10.00	10.00
Watlington	10.00	10.00	10.00	10.00	10.00
Wokingham	10.00	10.00	10.00	10.00	10.00
Reading	10.00	10.00	10.00	10.00	10.00
Windsor	10.00	10.00	10.00	10.00	10.00
Slough	10.00	10.00	10.00	10.00	10.00
Uxbridge	10.00	10.00	10.00	10.00	10.00
Watlington	10.00	10.00	10.00	10.00	10.00
Wokingham	10.00	10.00	10.00	10.00	10.00

## HOLIDAY RESORTS

City	Monday	Tuesday	Wednesday	Thursday	Friday
London	10.00	10.00	10.00	10.00	10.00
Edinburgh	10.00	10.00	10.00	10.00	10.00
Glasgow	10.00	10.00	10.00	10.00	10.00
Belfast	10.00	10.00	10.00	10.00	10.00
Cardiff	10.00	10.00	10.00	10.00	10.00
Birmingham	10.00	10.00	10.00	10.00	10.00
Manchester	10.00	10.00	10.00	10.00	10.00
Sheffield	10.00	10.00	10.00	10.00	10.00
Leeds	10.00	10.00	10.00	10.00	10.00
Nottingham	10.00	10.00	10.00	10.00	10.00
Coventry	10.00	10.00	10.00	10.00	10.00
Bristol	10.00	10.00	10.00	10.00	10.00
Exeter	10.00	10.00	10.00	10.00	10.00
Plymouth	10.00	10.00	10.00	10.00	10.00
Southampton	10.00	10.00	10.00	10.00	10.00
Portsmouth	10.00	10.00	10.00	10.00	10.00
Reading	10.00	10.00	10.00	10.00	10.00
Windsor	10.00	10.00	10.00	10.00	10.00
Slough	10.00	10.00	10.00	10.00	10.00
Uxbridge	10.00	10.00	10.00	10.00	10.00
Watlington	10.00	10.00	10.00	10.00	10.00
Wokingham	10.00	10.00	10.00	10.00	10.00
Reading	10.00	10.00	10.00	10.00	10.00
Windsor	10.00	10.00	10.00	10.00	10.00
Slough	10.00	10.00	10.00	10.00	10.00
Uxbridge	10.00	10.00	10.00	10.00	10.00
Watlington	10.00	10.00	10.00	10.00	10.00
Wokingham	10.00	10.00	10.00	10.00	10.00

## Northants plea for more police

THE CHIEF CONSTABLE of Northamptonshire, Mr. Frederick Cutting, is to ask the new Northants County Council to increase the county police force by 400 within the next seven years. The increase would cost £125m., bringing total expenditure to £48m.

Mr. Cutting's plans are contained in a Police Committee report to the council, which also points out that Northamptonshire has the lowest number of police per head of population in the country.

## Three parts

The Electricity Council's complete offer to three parts. First, the Council has calculated what it considers can be paid under Stage Two's £1 plus a per cent formula. It has enlarged the size of the wage bill used for the calculation by including the cost of wages paid for out-of-hours working.

Secondly, the Council has suggested that Stage Three's 1 per cent "flexibility" allowance be

## Airlines to cut North Atlantic seats by 18%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE THREE major airlines on the North Atlantic—British Airways, Pan American and Trans World—have each agreed to cut one daily return flight by Boeing 747/VC-10 jets to save fuel.

The London-New York cut of 21 return flights a week, will save something like 38 per cent in fuel at a cost of only 18 per cent in the number of seats. Subject to Government approvals they will operate by January 6.

They followed a meeting at Heathrow yesterday, at which the three airlines also decided to cut from seven to five the number of return flights each makes weekly between London and Boston, Philadelphia and Chicago.

One effect of the fuel situation is that by April 1, U.K. air fares to some points in Europe may be

Continued from Page 1

## Talks on priorities

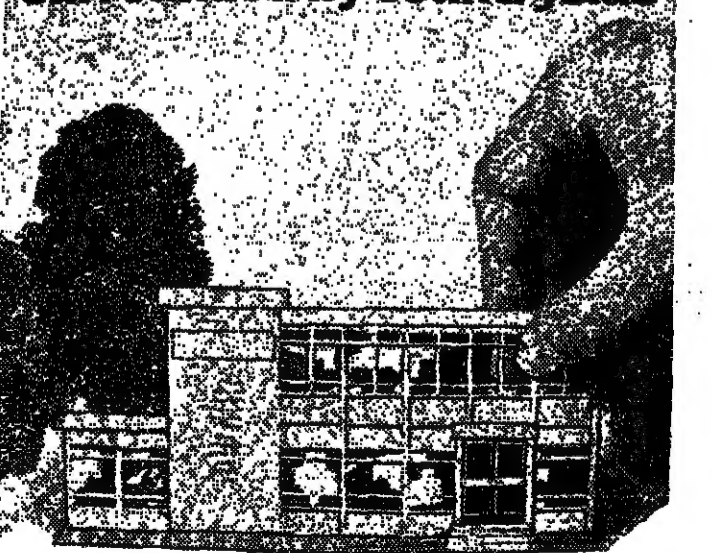
formed by the DTI that naphtha was exempt. Bitumen and industrial lubricants, however, are believed to be excluded from the cuts.

The Chemical Industries Association, which takes about 9m. tons of oil or oil products for feedstock and fuel, said that it would need special treatment, through the priority industries provision, in order to avoid any reduction in chemical supplies.

The chemical industry, like other sectors on the priority list, carries a limited amount of oil stocks so that the reduction in supplies, which started yesterday, should not have an effect on output for several weeks.

Organisations and companies, such as BSC, which are making early exemption applications are doing so to try to ensure as far as possible that the medium-term production cycle will not be interrupted. None of the industries, for instance, is certain about how

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## Lombard

## World's grim new economic scenario

BY C. GORDON TETHER

RECOGNISING, with their customary wisdom, that to be forewarned is to be forearmed, the Japanese authorities have frankly informed their people that the oil crisis has condemned them, even on the most optimistic assumptions, to zero growth in the period ahead.

But elsewhere in the advanced world the official attitude still seems to be very much one of whistling to keep the courage up—the fashionable theme being that, with a little luck and the co-operation of the public at home, it should be possible to keep expansionist policies on course.

There is naturally a great deal to be said for making an effort to prevent business confidence being unnecessarily eroded at times like these. Yet the fashionable official euphoria about the economic outlook is beginning to look so unrealistic that it could well prove to be counter-productive in the propaganda sense. For all the indications that, even if things turn out as well as can now be expected on the oil front, the jolt world economic activity is destined to suffer at the hands of recent events will be severe enough to push down the brake on expansion in almost all the advanced countries.

## Sobering

Even before the energy problem erupted, there were clear signs that the pace of world economic growth was destined to slow down markedly as we moved into 1974—partly because of the increasing shortage of spare capacity and partly because of the growing tendency for official concern about inflation to find expression in measures to curb demand.

It is no exaggeration to say that the events of the past few months have introduced a positive profusion of new factors and new question marks into the picture. And there is no difficulty in seeing that their combined effect will be to make an extremely sobering impact. To begin with, the economic advance of the affluent world has been to a significant degree in recent years on the increasing popularity of private motorising. If, as is now generally accepted, fuel to support it is going to become more or less permanently scarce or dear or both—it was Lord Sinks who recently spoke of £1 per gallon petrol within a few years—the public's enthusiasm for this important form of economic activity could obviously suffer a degree of a much more than temporary kind from the oil crisis.

The change in the energy situation has equally unhappy implications. In both the short-term and longer-term senses, for other forms of energy that are major users of fuel. And remembering how far the process of mechanising agriculture, industry and, indeed, almost every other facet of life has been pushed during the post-war period, such items must now represent a considerable part of the advanced world's output. Doubtless, the need to switch to fuel-economising machinery will, in time, generate a demand for "new generation" models. But in the interim, demand seems certain to take a considerable knock.

## Chilly climate

And these are far from being the only factors that will be tending to lower the world's economic temperature in the months ahead. There is also the damage that will be inflicted on the external payments of the affluent countries as a whole by the steep rise in their expenditures on oil.

Inasmuch as the countries producing other commodities should find it easier than the oil producers to spend the proceeds of their massive increase in foreign exchange earnings, they are currently enjoying the increased import bill the advanced countries are having to shoulder on this account should be less of a bummer. But, for time-lag reasons, it too could exert a dampening effect.

Last but not least, there is the impact on a global inflation problem that is already extremely serious of the deflation in the money-goods relationship which a sharp cut-back in production arising from fuel shortages would bring.

To the extent, of course, that demand is curbed by the slow-down in economic activity, the gap will increase less than it could do otherwise. Remembering that the emergence of such an unhappy scenario is hardly calculated to inspire confidence, talk about resting on one's laurels is "reckless" is now looking decidedly dated. Far better, surely, to face up to the oncoming realities so that we will be well prepared as possible.

## Maxwell to be alternate director on Pergamon Board

BY NICHOLAS OWEN